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Weather
ly for Maier

TODAY:
STYLE

China Airlines' Jet Crashes in Taipei, Killing 197 Aboard

Taiwan Bank Governor Among Dead;
9 on Ground Die in Blazes Set by Airbus

By Edward A. Gargan
New York Times Service

HONG KONG — A China Airlines flight from the Indonesian resort of Bali crashed and burst into flames while trying to land in fog and rain Monday evening at Chiang Kai-shek International Airport in Taipei.

All 197 passengers and crew members were killed, including the governor of Taiwan's central bank.

Nine more people, including a 2-month-old baby, were killed on the ground, according to the official Central News Agency.

The central bank governor, Sheu Yuan-dong, was returning from a meeting of regional finance and banking officials with his wife, Huang Mian, and three other central bank officials. They included Chen Huang, head of the bank's department of foreign exchange, and Chien Chi-min, head of the department of economic research.

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Relatives of passengers who died in the crash of the China Airlines flight from the Indonesian resort of Bali comforting each other at the airport in Taipei on Monday.

France Invites Iraqi For Talks in Effort To Head Off Attack

Paris Hopes Meeting Will Include
UN Chief in 'Final Push' for Peace

By Craig R. Whitney
New York Times Service

PARIS — France stepped up last-minute diplomacy Monday to try to head off an American-led bombing campaign against Iraq, inviting the Iraqi foreign minister here for talks that could include a session with UN Secretary-General Kofi Annan on Wednesday.

French officials said they expected Mr. Annan to continue on to Baghdad if he came here to see Foreign Minister Mohammed Said Sahhaf, who will arrive Tuesday for talks with President Jacques Chirac. "We have to make a final push," Mr. Chirac said Monday, according to his spokeswoman, Catherine Colonna, who said he hoped Mr. Annan would decide to make the trip.

Mr. Chirac disappointed the White House by pointedly declining two weeks ago to give Mr. Clinton the backing he sought in a telephone conversation, diplomats said. Last week, he seemed to go out of his way during a visit to Vienna to be critical of American plans to bomb Iraq into compliance with the UN inspection regime if diplomacy failed.

"I do not dispute the necessity of making Saddam Hussein respect all the decisions of the Security Council," Mr. Chirac said there on Thursday. "I simply

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Indonesia Edges Toward a Showdown With IMF

By Michael Richardson
International Herald Tribune

SINGAPORE — A confrontation between Indonesia and its main creditors moved closer Monday as Indonesian officials said the government would press ahead with a plan aimed at stabilizing its currency despite opposition to its strategy from the International Monetary Fund, the World Bank, the United States and the European Union.

At the same time, B.J. Habibie, Indonesia's research and technology minister, and an official that the IMF and financial markets regard as a devotee of high-cost national projects, strengthened his position as the country's likely next vice president

and potential successor to President Suharto. Both moves unnerved East Asian markets. Currencies and stock prices fell across the region amid growing anxiety about the crisis in Indonesia, where

Indonesians maintain faith in military. • The police warn they will shoot rioters. Page 4.

sporadic looting continued in towns along the north coast of the main island of Java after days of rioting over rising food prices and attacks on shops owned by the ethnic Chinese minority.

Analysts said Mr. Suharto was evidently determined to get control over the rupiah and to get trade

moving again by establishing a currency-board system that would give the currency a fixed exchange rate — probably against the dollar — and by having Mr. Habibie as his vice president.

The IMF and other critics fear that if a currency board is set up prematurely, a rupiah peg may not be sustainable because of Indonesia's shrinking foreign reserves, its deeply troubled banks and a lack of strong monetary discipline. Reserves stand at \$17 billion, while foreign debt is close to \$140 billion.

European Union finance ministers, meanwhile, joined in a growing chorus of opposition to the plan (Page 11).

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Mr. Clinton: rarely by himself, always alone.

A Lonely Man in Midst of Friends

In Crisis, Clinton Loses the Personal Contact He Thrives On

By David Maraniss
Washington Post Service

WASHINGTON — President Bill Clinton, as he struggles to survive the most serious crisis of his career, has become a study in presidential loneliness. His life has been built on two things — words and friends — that suddenly seem of less use to him. In public, he has offered up few words to explain the mess he is in, and in private almost none of his legendary legion of friends is willing or able to hear him say much more. The president who once chafed at the confinements of his job by calling the White House "the crown jewel in the American penal system" is now confronted by the prisoner's paradox: an existence in which he is rarely by himself and yet always alone.

Mr. Clinton's aversion to being alone has been a defining trait of his life. During these last few perilous weeks, he has engaged in his customary pursuit of crowds and reassurance. He brings friends in for popcorn and a movie. He dances past midnight with celebrities at a state dinner. He lingers wistfully at a midday farewell party for a longtime aide. He rallies with Democratic troops on Capitol Hill. He heads to

the heartland to touch hands along the rope line. He sifts through stacks of supportive letters and dissects internal polls indicating the public is with him.

But something is different in these last weeks since the allegations of presidential sex and perjury broke, according to interviews with friends, aides and associates from all parts of Mr. Clinton's life.

All presidents operate in a bubble of agents and aides, but the distance that inevitably separates even this most gregarious of presidents from the rest of humanity has become greater, his sense of isolation more noticeable. He spent a lifetime using his empathy and charisma to turn strangers into friends, accumulating them by the thousands, remembering their individual histories, memorizing their phone numbers and their parents' names.

"He is president because of all that," said David Mixner, who befriended Mr. Clinton during the 1960s anti-war movement. But now, said another disheartened pal whose friendship extends back a similar length, their friend the president has become "a stranger in a strange land."

See CLINTON, Page 6

South Korea Scrambles To Create a Safety Net

Layoffs Loom for Nation Used to Lifetime Jobs

By Mary Jordan
Washington Post Service

SEOUL — In the dark months ahead for South Korea, a million or more people are expected to lose their jobs because of the national economic re-entrenchment, and when they do, there is virtually no social welfare safety net to catch them.

South Korea now finds itself in a similar position to that of the United States during the Great Depression, in need of a New Deal, a package of government benefits to aid the displaced.

"For now, the growing number of jobless are relying on savings and help from relatives. For some, annual incomes of \$50,000 or more have dropped to zero overnight, with not a penny of help from the government. The economic crisis, and the tough fiscal reforms, including layoffs, dictated by the International Monetary Fund in exchange for the \$58 billion emergency lifeline it has tossed South Korea, are

forcing a fundamental shift in the role government plays in helping the unemployed.

The "Asian way" has always been for governments to subsidize companies to keep people on the payroll even when they were not needed, rather than providing unemployment benefits directly to workers. Most people here now agree that companies can no longer survive under this system; layoffs are coming throughout East Asia, and governments from Tokyo to Jakarta are trying to figure out how they should respond.

Massayuki Nakai, a senior official in Japan's Labor Ministry, said the old logic that it is the company's responsibility to educate, train and employ workers for life is giving way to the notion that this is the employee's responsibility. The Japanese government is now discussing how to establish retraining programs for laid-off workers, but there is great resistance to such programs among people who feel this is a step toward what they believe the United States or Western Europe have become — countries that have gone overboard in handing out food stamps and welfare checks.

"We think it is important to develop a person's ability and not let them indulge in unemployment insurance," Mr. Nakai said. "For example, we once heard that in Europe there is a term, 'unemployed aristocrat.' That is not good for the person or the government."

In South Korea, the new government that is to take office Feb. 25 with the inauguration of President-elect Kim Dae Jung has set as a priority the creation of programs to provide benefits

AGENDA

Britain Wants Sinn Fein Barred

Britain called Monday for Sinn Fein to be expelled from the Northern Ireland peace talks because of two killings linked to the party's allies in the Irish Republican Army. The police have accused the IRA of violating its cease-fire — the condition for Sinn Fein's participation in negotiations on Northern Ireland's future — by killing a drug dealer and a Protestant militant last week.

Gerry Adams, the Sinn Fein leader, had angrily predicted that Britain would force his party out of the talks. Page 5.

Tough Choices At Indian Polls

Indians massed at polling places Monday for the start of the nation's most competitive election since independence in 1947. They face a choice among a declining Congress (I) Party, the emergent Hindu nationalist Bharatiya Janata Party and a coalition of 14 parties formed after the 1996 election to keep the nationalists out of power. Page 2.

PAGE TWO High Tide for Hindu Nationalism

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Puerto Rico: Gateway for Drugs

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The IHT online www.ihf.com

The 'Herminator' Bounces Back in Triumph

After Spectacular Crash,
Austrian Takes Super-G

By Christopher Clarey
New York Times Service

HAKUBA, Japan — Only 72 hours after Hermann Maier, of Austria, turned himself into a human projectile in the men's downhill and went crashing through two safety fences, he calmly resumed doing what he has been doing since November: dominating.

His gold medal in Monday morning's super-G was his fifth victory in five super-G races this season, and although it did not come by his typically crushing margin of more than a second, it came by more than enough to give the former bricklayer from Flachau, Austria, a piece of Olympic history.

His winning time of 1 minute, 34.82 seconds was more than a half-second better than that of the co-silver medalist, Didier Cuche of Switzerland and Hans Knauss of Austria.

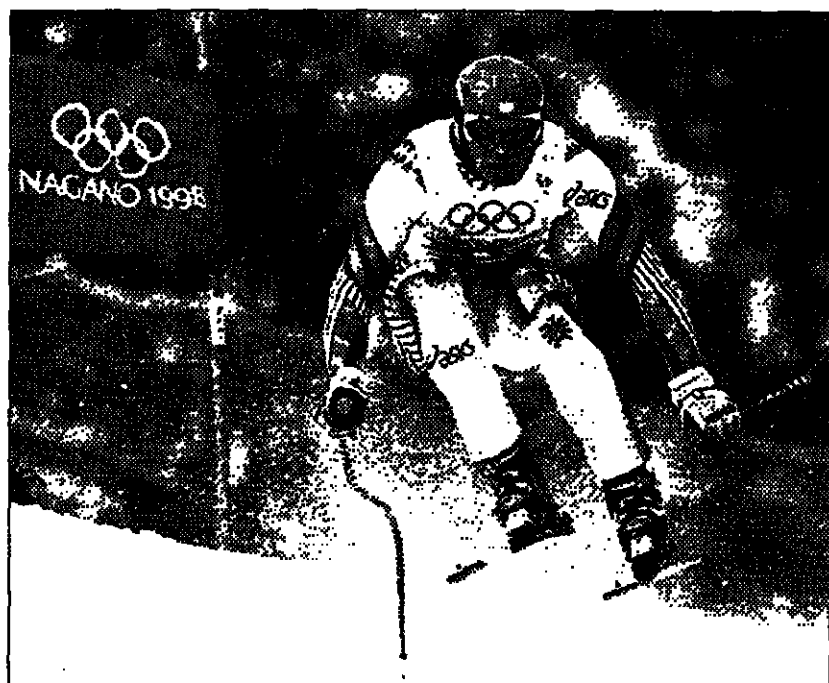
"We will know what kind of skier Hermann Maier really is after he falls," Karl Schranz, the former world champion, had said last month.

Now, we know. Or at least we have a very good idea.

After my fall, I was afraid the Olympics wasn't made for me because the Olympics has its own rules," Maier said. "In the Olympics, everybody tries to give more than they have. I gave less than I had Monday, but it was enough."

The only person who looked more relieved than "the Herminator" was his girlfriend, Petra Wechselberger, who watched in the finish area with other members of Maier's Flachau-based fan club on that rainy day in the Japanese Alps: a day that was clear enough for a ski race. "Maybe he really is an alien; I don't know," Wechselberger said.

Like millions of people around the



Hermann Maier taking flight Monday on the Olympic super-G course.

• Stumbling Americans face an indomitable Czech goalie. Page 17.
• Seizing is first downhill racer to repeat as Olympic champ. Page 18.
• Controversial ice dancers Grishuk and Platonov win second gold. Page 19.

scared. I've never seen anything like that in my whole life."

Nor had a lot of people. "I'd give that a 9.5 or 10," said the American racer Chad Fleischer, using the gymnastics scoring method.

But Maier, a man who likes to free climb without ropes and race motorcycles, is clearly a rugged customer. Although he ended up withdrawing from the combined downhill the same day, he skied down the hill under his own power with nothing more than a lightly sprained knee and a sore sternum and left shoulder.

He had been unlucky and so very lucky at the same time, and when the weather

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Newsstand Prices	
Egypt	1,000 BD
France	1,000 BF
Germany	1,000 DM
Greece	1,000 Dr
Hong Kong	1,000 HK
India	1,000 Rs
Italy	1,000 L
Japan	1,000 Y
Korea	1,000 W
Malaysia	1,000 M
Nigeria	1,000 N
Oman	1,000 O
Pakistan	1,000 P
Philippines	1,000 Ph
Poland	1,000 Z
Portugal	1,000 Esc
Romania	1,000 Lei
Saudi Arabia	1,000 R
South Africa	1,000 Rand
Spain	1,000 Ptas
Sri Lanka	1,000 Rs
Taiwan	1,000 NT
Tanzania	1,000 Sh
Thailand	1,000 B
Turkey	1,000 Liras
U.S.	1,000 C
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THE AMERICAS

Traffickers Flood Puerto Rico With Drugs

By Douglas Farah and Serge F. Kovaleski
Washington Post Service

SAN JUAN, Puerto Rico — A shift in tactics by cocaine and heroin traffickers has made this island territory the most important way station of a burgeoning smuggling route through the Caribbean, law enforcement officials and experts on the drug trade say.

Colombian drug rings, which produce virtually all of the world's cocaine and an increasing amount of its heroin, have shipped most of their U.S.-bound drugs through Mexico in recent years. While that remains the dominant route, stepped-up interdiction efforts at the U.S.-Mexico border — plus the ever-increasing demands of Mexican traffickers — have led the Colombians to diversify by putting new emphasis on the Caribbean.

The Colombian groups have subcontracted their trafficking gangs whose leaders are from the Dominican Republic, according to law enforcement officials. The Dominicans ship the cocaine and heroin via islands throughout the Caribbean, often using small, fast boats that are almost certain to escape detection by law enforcement agencies — and that can easily outrun any patrol craft that happens to get lucky.

A given shipment of cocaine or heroin might hopscotch its way north through several island nations, authorities say. But for the Dominican traffickers, all roads eventually lead to Puerto Rico.

Since Puerto Rico is a U.S. territory, there are no customs checks between the island and the American mainland. The traffickers apparently consider shipping the drugs onward to their destinations in

Washington or New York or Chicago a mere formality.

"Once the drugs are in Puerto Rico, they might as well be in Kansas," said Felix Jimenez, special agent in charge of the Caribbean for the U.S. Drug Enforcement Administration. "There are 72 flights a day from here to the mainland, and San Juan is the busiest port in the Caribbean and the fourth-busiest in the United States. You can put coke on a plane here and have it in Los Angeles in less than 24 hours."

The UN Drug Control Program, in a report to a regional conference held in Santo Domingo, Dominican Republic, in December, estimated that 250 tons of cocaine destined for the U.S. market, or about 40 percent of the total, passed through the Caribbean. This is a significant increase over estimates a year ago that about 30 percent of the cocaine reaching the United States passed through the Caribbean.

In addition, law enforcement officials said, almost all the growing flow of Colombian heroin passes through Puerto Rico on its way to the lucrative markets of the eastern seaboard of the United States.

The illicit flow of cocaine and heroin has brought with it a sharp increase in crime and drug abuse, with National Guardsmen at times patrolling the most drug-infested housing projects here and police sealing off whole neighborhoods for drug sweeps. The drug trade, Governor Pedro Rossello said in a recent interview, "is the biggest threat that we have to the existence of our society as we know it."

Mr. Rossello said drug trafficking had "wreaked havoc on Puerto Rico" and was his administration's top priority.

"It has poisoned our youth and injured our

capability for the future," he said. "All we want to do is raise the resistance so that the traffic will be shifted elsewhere."

Mr. Rossello is not alone in his lament. Throughout the Caribbean, the authorities say, drug trafficking has brought social, political and economic problems that threaten to overwhelm often fragile governments.

For example, in the Dominican Republic — the home of the major new Caribbean traffickers — officials estimate that of a population of 8 million, at least a half-million Dominicans used cocaine or marijuana last year. Officials estimate that as much as \$1 billion in illegal drug profits was laundered through the nation's financial system last year. Of 10,000 drug cases in the past seven years, fewer than 100 have resulted in prison sentences.

Pino Arlacchi, undersecretary-general for drugs and crime at the United Nations, said at the Santo Domingo conference that the Caribbean was being swept up in a global trend in which "vast sums of illicitly acquired monies allow drug criminals to gain political and economic power and corrupt democratic institutions."

"The sad reality is that drug trafficking and abuse, as well as the legitimization of the proceeds of criminal activity, are negatively affecting the Caribbean in terms of health, corruption, internal security, violence, economic development and the integrity of financial institutions," Mr. Arlacchi said. "The corruption that exists in parts of the region helps drug criminals to damage the Caribbean social fabric. We must avoid letting traffickers deepen their roots."

"Poverty and the drug trade are related," he added. "Fragile and distorted economies, poor governments and corruption are the inevitable consequences of criminal activities."

Clinton Ex-Aide Sees 'Something More' in Case

By Peter Baker
Washington Post Service

WASHINGTON — President Bill Clinton's former top aide has said that "obviously there was something more" than the president has disclosed regarding his relationship with Monica Lewinsky, and he called on Mr. Clinton to come forward and explain it to the American public.

Leon Panetta, who served as White House chief of staff until January 1997, said he accepted Mr. Clinton's statement that he never had sexual relations with Ms. Lewinsky and never told her to lie under oath. But Mr. Panetta added that it was increasingly clear

that Mr. Clinton had some sort of relationship with Ms. Lewinsky.

"I take him at his word, and I think the American people take him at his word," Mr. Panetta said on ABC. "They're willing to give him the benefit of the doubt. But I also think that at some point he's got to tell the American people the truth of what was behind this relationship. Obviously, there was something more here. And it's got to be explained to the American people."

Mr. Panetta's comments are the latest from Mr. Clinton's own circle suggesting he has not been fully candid with the public about Ms. Lewinsky and hinting at con-

siderable doubt among those who have been closest to him. Shortly after the Lewinsky story broke, Mr. Panetta suggested the possibility of a presidential resignation if the allegations were true.

George Stephanopoulos and Dee Dee Myers, both former White House aides, also have made statements expressing skepticism. Even the current White House press secretary, Michael McCurry, has publicly pondered what the ramifications would be if Mr. Clinton were lying.

Moments after Mr. Panetta's appearance, Mr. Stephanopoulos, now an ABC commentator, echoed his sentiment, citing the three dozen times Ms. Lewinsky

returned to the White House after leaving her low-level job there in April 1996. "It's pretty clear that there was some relationship here," Mr. Stephanopoulos said. "It's not normal to have that many visits with an intern."

The White House declined to respond formally to Mr. Panetta's statement Sunday, but aides made clear that they were unhappy with it. From their point of view, anything that focuses attention back on Mr. Clinton's behavior rather than on the conduct of Kenneth Starr, the independent counsel investigating the case, is unwelcome.

The degree to which the White House has been successful in shifting attention to

Mr. Starr was evident Sunday when one of the prosecutor's leading Republican defenders said someone else should have been chosen to look into the Lewinsky matter.

Senator Arlen Specter, Republican of Pennsylvania, a member of the Senate Judiciary Committee, said Mr. Starr could not be seen as a neutral party in the case because of his long history of investigations into the White House and other matters connected to the Clinton White House.

Instead, Mr. Specter said, Attorney General Janet Reno should have asked for a new independent counsel to investigate whether Mr. Clinton had tried to obstruct justice, in the sexual-harassment suit brought against the president by Paula Jones, by urging Ms. Lewinsky to lie under oath about having had an affair.

In the context where Starr has been in this matter for so long, and many people think he's out to get the president, and you have this adverse public reaction to Starr, I think it would have been much wiser had someone other than Starr run this phase of the investigation," Mr. Specter said on Fox News.

Until now, Republicans have steadfastly defended Mr. Starr's actions, but Mr. Specter's comments indicated that at least some Republican leaders have begun to conclude that he has become too much of a lightning rod.

If Mr. Starr is seen as too partisan, as polls indicate, it will be more difficult for Congress to pursue impeachment proceedings based on his investigation.

Mr. Starr became involved in the Lewinsky case after he was approached by her friend Linda Tripp with tape recordings of conversations Ms. Tripp had had with Ms. Lewinsky about the president.

Mr. Specter, a former prosecutor who has spoken with Mr. Starr since the crisis erupted, said the independent counsel's tactics had been aggressive but not excessive.

"Starr was right," he said. "He went right up to the line. He hasn't crossed the line for prosecutorial action, but he's gone right up to the line."

Hearings Begin on Quebec Secession

The Associated Press

OTTAWA — Canada's Supreme Court opened hearings Monday on whether Quebec has the right to secede unilaterally and declare independence.

Chief Justice Antonio Lamer calls this the country's most important legal case ever.

"It's obviously the most important case," Justice Lamer said, "because it goes to the very existence of the composition of our country."

The oral arguments before Justice Lamer's court are expected to last through this week. A ruling is expected within six months.

If the court rules that Quebec cannot secede without the rest of Canada's consent, there could be a backlash in the mostly French-speaking province that would intensify the already strong drive for independence.

"It will plunge us into a kind of political crisis," Quebec's separatist premier, Lucien Bouchard, said of a ruling restricting the province's options.

The case was initiated by the federal government of Prime Minister Jean Chretien, a Quebecer who opposes secession. Ever since the separatists' near-victory in a 1995 referendum on independence, Mr. Chretien has been struggling to thwart their ambitions.

Last year, hoping to persuade Quebecers that secession could not be quick and painless, Mr. Chretien's government asked the Supreme Court to rule on three questions:

• Can Quebec unilaterally secede under Canada's Constitution?

• Does international law give the province the right to secede?

• If international and domestic law conflict, which takes precedence?

Mr. Chretien says he would not oppose independence for Quebec under certain circumstances — if a decisive majority of Quebecers voted for secession, if other provinces consented and if Quebec negotiated in good faith on the details of a break-away.

AMERICAN TOPICS

Remote Colorado School Ends Its Isolation With Internet

On the high Colorado plains between Cope and Last Chance, the remote town of Arickaree has no stores, not even a post office. With Internet, however, its school is becoming one of the best around, and its people more "wired" than many in big cities.

The 143 students in the 12-grade school have access to 70 computers, 58 with full Internet hookups, and a fiber-optic classroom linked to several distant classrooms.

High-tech communications are shattering the isolation of remote schools, farms, ranches and businesses across the Colorado plains and elsewhere in the West, reports The Denver Post. In Last Chance, the volunteer fire department has its own Web site, as does the local ice cream stand.

Per-capita use of the Internet is probably greater than in Denver, the state's capital, largely because big agricultural businesses were among the first to embrace the immense practicality of computers for staying abreast of changes in weather, or in wheat and corn prices, and for breaking the rural isolation.

Arickaree School, helped by the high-tech approach adopted three years ago and the small size of its classes, has achieved a 100 percent graduation rate the past two years. Seniors earn college credits through the fiber-optic classroom.

But students know that the high-tech link is subject to the rigors of high plains life. Not long ago, the fiber-optic classroom

network was knocked off the air — by a gopher chewing through the cable.

Short Takes

For years the lore at Harvard University was that the reason students had to pass a swimming test to graduate was the sinking of the Titanic — more precisely, the terms of a \$2 million bequest by Eleanor Widener to build a library there after her son Harry drowned in the disaster. (To a friend who urged him to jump, he replied, "I think I'll stick to the big ship, Billy, and take a chance.")

The requirement — four laps in the pool, using any stroke — had struck fear into the hearts of many a young landlubber, reports The Boston Globe. In 1973, a Nigerian student showed up in full tribal dress, saying there were "evil spirits" in the water. He was given a religious exemption.

It turns out that the requirement has its roots in an old naval reserve-officer training program at the school.

Accordions, cool? The humble squeezebox, hip? So it seems. Sales of what the French call the "poor man's piano" are up, and increasingly the sound of the accordion is heard in mainstream popular recordings by stars such as Billy Joel and Paul Simon.

The accordion had its heyday in the United States in the '50s, when accordionsists worked in big bands and accordion schools enrolled thousands. But increasingly it was drowned out by the electric guitar.

Now the accordion has regained a certain retro-ethno-authentic-funkiness. The Honer music company in Ashland, Virginia, says sales are up 20 percent over a year ago, and a three-CD set is out called "Planet Squeezebox."

Brian Knowlton

Is the Internet a threat or a boon to telephone companies?

Don't miss the sixth in a series of sponsored pages in the IHT on electronic business.

February 25

BUSINESS to e-BUSINESS: TELECOMMUNICATIONS

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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

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Information:

The European Fine Art Foundation

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REMEMBER THE MAINE — William Cassidy, assistant secretary of the U.S. Navy, speaking at a ceremony in Key West, Florida, commemorating the sinking of the battleship 100 years ago off of Cuba.

Away From Politics

• Once among the most dependable workers in America, doctors have been leaving their jobs in sharply rising numbers to collect disability benefits. Surveys show that many doctors are dissatisfied with changes in the health-care system, and insurers said declining morale might be a key factor in the growth of disability claims. (WP)

• The Nashville Banner will cease publication after 122 years. The shutdown of the afternoon daily will leave Nashville with its morning daily, The Tennessean, which is owned by Gannett Co. The papers had been run under a joint operating agreement. (AP)

• Judges should explore the use of neutral experts and other new ways to ensure sound decisions in cases involving complex scientific issues. Supreme Court Justice Stephen Breyer said. "As society becomes more dependent for its well-being upon scientifically complex technology, we find that this technology increasingly underlies legal issues of importance to all of us," he said at a meeting of the American Association for the Advancement of Science. (AP)

A Very Good Governor

ATLANTA — The joke making rounds under Georgia's gold dome these days is that Governor Zell Miller has achieved an extraordinary approval rating of 77 percent, and that he has somehow managed to do so without being accused of having sex with an intern.

Some governors limp out of office, bruised by years of scandal, legislative warfare and political miscalculation. Mr. Miller, by contrast, is skipping homeward like a schoolboy on the last day of class.

In his eighth scandal-free year in office, the 65-year-old Democrat has received the highest approval ratings of his tenure, in a Georgia State University poll released this month. His ratings, which have risen gradually and consistently throughout his two terms, hardly varied by gender, race, age, income or political party.

Mr. Miller is prohibited from running for a third consecutive term, and he has rejected entreaties to run for the U.S. Senate against Senator Paul Coverdell, choosing instead to return to his earlier calling as a college professor.

Quote/Unquote

Jay Waks, co-chairman of the employment law department of Kaye, Scholer, a New York law firm, on the impact of the allegations swirling around Washington on workplace policies that discourage relationships with lower-level employees: "Someone like the president sets the tone, and right now he's singing off-key. Some companies are concerned that certain executives may lead by his example, rather than rigorously enforce sexual harassment policies." (NYT)



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ITT SHERATON

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MILAN: Hotel Duca di Milano, Hotel Palazzo, Hotel Principe di Savoia.

FLORENCE: Grand Hotel, Hotel Excelsior. ROME: Hotel Excelsior, Le Grand Hotel.

LECCE: Hotel Patria Palace. COSTA SMERALDA: Hotel Cala di Volpe, Hotel Pitrizza, Hotel Romazzino.

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ASIA/PACIFIC

Amid the Turmoil, Indonesians Keep Faith in the Military

By Seth Mydans
New York Times Service

JAKARTA — As buildings burned and soldiers chased down rioters here in the capital 18 months ago, several hundred excited college students debated whether to join the melee. What they did next might have happened only in Indonesia: They raised a cheer for the troops.

Those riots erupted after the police and military forces stormed the headquarters of the opposition Indonesian Democratic Party to end its occupation by supporters of Megawati Sukarnoputri, the party's leader.

This past week, as tensions stemming from the Asian financial crisis rose, a leading editor lowered his voice as he said things about the government that he would never dare to print. But there was nothing secret about what he said next: The arm of government he respects the most is the military.

"They are the one institution that assures that the country holds together," he said.

At this critical moment for the country, the armed forces are mostly seen here not as a threat but as a promise of stability. With the country's economy collapsing, with its political future uncertain and with price riots flaring from town to town, the military is described here as the backbone of Indonesia.

But praise for its methods is far from unanimous. It is blamed for human rights abuses that include massacres of separatists in East Timor, arrests and mistreatment of dissidents and labor leaders and abuses of power in towns and villages where it is the principal authority.

It is also accused of widespread corruption that ranges from exchanges of favors with local businessmen, to illegal logging and mining, to huge financial deals with powerful conglomerates.

But it is still respected among In-

donesians as the army of liberation from Dutch colonialism a half-century ago and as a continuing symbol of nationhood.

As the full force of Indonesia's economic meltdown hit the country a month ago, causing a wave of panic buying, rumors circulated that the military might stage a coup against President Suharto. But virtually every political expert here says there is almost no chance of that unless Indonesia disintegrates into chaos.

The military is an integral part of Mr. Suharto's administration and a powerful force at every level of government. Internal rivalries aside, experts say, it is united in its loyalty to the president.

By constantly shuffling its leadership over the years, by placing his personal aides in top commands and by ensuring that these commanders have different personal backgrounds and agendas, Mr. Suharto has seen to it that all lines of command flow directly to him.

"His strategy for preventing a coup is to make sure the top four or five people with command of troops are not really great friends with each other, so that if one wanted to make a move, there would be two or three against him," said Harold Crouch, an expert on the Indonesian military at the Australian National University in Canberra.

This is a high-profile moment for the armed forces, with unemployment and rising prices putting a strain on public order and with an electoral assembly due to confirm Mr. Suharto for a seventh five-year term next month.

In addition to being a visible presence in the streets, accompanied by warnings that it will brook no disorders, the military is a crucial player in the formation of a new government.

With Mr. Suharto's re-election assured, the key question is who he will name as his vice president and potential successor. Mr. Suharto has hinted at his preference for a long-serving aide, B. J.

Habibie, and two of the three approved political parties appear to have seconded him. But the military has not yet spoken, and until it does, no decision will be final.

In a nation with a leadership widely viewed as corrupt and a huge but ineffectual bureaucracy, said a member of Parliament, the military "is the only institution with a national ideology, with clear lines of authority and with a national system of discipline."

At the heart of the military's wide-ranging role is a home-grown philosophy known as *dwiungsi*, or dual function. It is a rather vague and shifting philosophy with one clear meaning: In addition to the usual military duties, the armed forces have an explicit legal role as part of Indonesia's government and administration.

Seventy-five seats in the 500-member Parliament are reserved for the military — in addition to any elected seats held by military officers. A significant number of government posts, including nearly half of provincial governorships, are held by military men. Cabinet ministers, senior civil servants, ambassadors and directors of state corporations are often soldiers.

Despite its broad political role, the Indonesian military includes fewer than 300,000 troops in a nation of 200 million people — smaller in proportion to population than such neighboring nations as Singapore and Malaysia.

But in the absence of any clear external threat, only about one-third of this number is engaged in traditional military duties. The remainder are in territorial units that function in parallel with the civilian administration in even the smallest towns.

Their duties include not only maintaining public order but also monitoring political parties, nongovernmental organizations and religious and labor groups to assure they do not mobilize political opposition.

In this role, the military is often heavy-handed. Two years ago, it engineered the ouster of Mrs. Megawati, an increasingly outspoken opposition leader, as leader of one of the country's three approved parties.

But military experts say that a younger, better-educated generation is moving up through the ranks, and the nature of Indonesia's future governments is being debated as vigorously within the military as outside it.

According to one Western expert, a significant number of younger officers would prefer to withdraw from many civil functions and "lead from the rear," keeping a careful eye on an increasingly demilitarized civil administration.

At the same time, military academies have begun offering courses in human rights issues and in the proper handling of unruly crowds.

Significantly, in a few cases over the past two years, military courts have given prison sentences to soldiers convicted in the deaths of civilians.

New Commander Named

General Wiranto, a trusted former aide, as armed forces commander, The Associated Press reported.

"The armed forces are fully in control and can manage the situation," General Wiranto said after he was sworn in. He denied that the economy crisis alone was the reason for the unrest in Indonesia and blamed "certain groups" for fomenting trouble and spreading rumors. He did not elaborate.

BRIEFLY

Weather Blocks Aid To Afghan Victims

RUSTAK, Afghanistan — Red weather forced two United Nations planes packed with supplies for thousands of earthquake survivors to abort a landing Monday and return to Pakistan, witnesses said.

The weather also prevented two Russian-made cargo planes from leaving northern Afghanistan to pick up more supplies in Pakistan, said Nadeem Kiyani, a Pakistani Foreign Ministry spokesman. The planes were provided by the opposition alliance that controls the area.

The aircraft were trying to ferry aid to the survivors of a 6.1-magnitude quake that devastated the northern region Feb. 4. At least 4,500 people are reported to have died in the quake and landslides triggered by aftershocks. (AP)

Hong Kong Protest Yields No Jail Time

HONG KONG — Four labor campaigners were convicted Monday of disrupting the legislature with protests over workers' rights, but they received light sentences.

Magistrate David John Duffin convicted the four of causing disturbances that interrupted meetings in July and October. They were released on condition that they avoid any arrests in the next six months.

Leong Kwok-hung, Koo Sze-yin, Cheng Ki-kin and Ng Kung-siu were the first to be arrested for staging unauthorized protests after Hong Kong returned to Chinese rule last summer. Protests remain legal in Hong Kong if they are approved in advance by the police. The four men and a handful of supporters protested near the courthouse Monday shortly before the hearing. (AP)

Hanoi Lets Media Visit Restless Area

HANOI — Vietnam said Monday that it was lifting a 10-month ban on travel for foreign journalists to a northern province that has been the scene of months of unrest.

A Foreign Ministry official said permission had been given to journalists to visit Thai Binh Province on a specially arranged trip this week.

No reasons were given for the lifting of the ban, which was imposed last year after protests against local state officials turned violent. Residents say the province, 80 kilometers (50 miles) southeast of Hanoi, has been calm in recent weeks. (Reuters)

For the Record

The police were on high alert in the central Chinese city of Wuhan, a state newspaper said Monday, following the deaths of at least 16 people in an explosion apparently caused by a bomb that ripped apart a bus. The police remained tight-lipped about the cause of the blast Saturday. (Reuters)

Police Warn They'll Shoot In Price Riots

Compiled by Our Staff From Dispatches

JAKARTA — As sporadic looting and protests against price increases continued, Indonesian police warned Monday they would shoot rioters who posed a danger to others.

"That is right, shoot on sight," a police spokesman, Soetrisno, was quoted by the official Antara news agency as saying from the East Java capital of Surabaya.

Five people have died in the riots, which have been set off by rising prices of basic commodities, with ethnic Chinese shop owners bearing the brunt of popular anger.

Mr. Soetrisno, commenting on reports that crime and riots could increase with the firing of hundreds of thousands of workers, said the police had not found any link between crime and unemployment.

"But then again, the calm may only be on the surface," he said. "There may be underground movements which we should be aware of."

Despite the shoot-on-sight warning from the police and warnings from the military that it would act against those who threatened stability, thousands of people took to the streets in South Sumatra and West Java on Monday, the police said.

In Pagar Alam, a remote town on the island of Sumatra, about 480 kilometers (300 miles) northwest of Jakarta, hundreds of youths and school children damaged three Chinese-owned shops.

In Pengalengan, 176 kilometers east of the capital, a mob of 500 ransacked Chinese stores and three stores. There were no reports of injuries from the two attacks.

Chinese merchants dominate the country's economy and are often targets for those frustrated with living standards.

Officials in Jakarta have pledged to keep the capital free from politically motivated protests as the country prepares for a presidential election in March. They say protesters could be jailed for up to five years. (Reuters, AP)



General Wiranto, Indonesia's new military chief, at his installation Monday with his wife, Uga, and Mr. Suharto.

CRASH: China Airlines' Jet Bursts Into Flames in Taipei Landing

Continued from Page 1

The cause of the crash was not immediately clear, although Hsu Lu, general manager of the Voice of Taipei radio station, said in an interview that her news staff was reporting that visibility was bad at the time and that the control tower had asked the pilot not to land.

Her account could not be immediately confirmed.

There appeared to be no survivors. "In view of the gravity of the disaster, it would be very difficult for anyone to survive this disaster," Wei Hsueh-chih, deputy director of the airport, was quoted as saying by Taiwan's Central News Agency.

As the plane, an Airbus 300 jumbo jet, attempted to land it slammed into at least four houses several hundred yards short of the airport runway, setting them on fire.

Flames poured from the first and second floors of the buildings as fire-

fighters sought to extinguish fires from the airplane wreckage and the burning homes, according to pictures broadcast by the BBC.

Thick smoke billowed from pieces of the plane, including what appeared to be the plane's engine.

A Central News Agency reporter at the scene described charred body parts being scattered over fields and on a road running near the airport.

A woman named Chen who was watching her home burn was quoted as saying "there were people in the house, but it's totally finished."

As Central Bank governor, Mr. Sheu had been credited with adhering to a conservative monetary policy that helped Taiwan thrive amid the region's economic crisis.

Born in 1927 in Taipei, Mr. Sheu worked in a series of banks before being elevated to the post of central bank governor in 1995.

China Airlines has had a history of safety problems that only began to be

resolved last year.

In 1994, an Airbus identical to the one that crashed Monday evening, crashed at Nagoya airport in Japan. And in 1993, a new China Airlines Boeing 747-400 skidded off a slick runway at Hong Kong's Kai Tak airport into Victoria Harbor.

No one was killed in that accident, but the \$140 million plane was destroyed.

The Airbus that crashed Monday night, China Airlines flight 676, was due to land at 8 P.M. but went down at 8:05 P.M., according to the China News Agency.

A 10-year-old boy was pulled alive from the wreckage, according to Ms. Hsu of the Voice of Taipei radio, but he later died.

"It seems like there was no visibility," said Ms. Hsu, who said she was repeating what her news reporters from the scene had told her.

"The tower staff asked them to fly around and not to land. But after that they lost contact with the airplane."

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EUROPE

U.K. Seeks Expulsion Of Sinn Fein

2 Killings Are Cited As Peace Talks Resume

DUBLIN — Britain called Monday for Sinn Fein to be expelled from the Northern Ireland peace talks because of two killings linked to the party's allies in the Irish Republican Army.

The police have accused the IRA of violating its seven-month-old cease-fire — the primary condition for Sinn Fein's participation in negotiations on Northern Ireland's future — by killing a drug dealer and a Protestant militant last week.

Earlier Monday, Gerry Adams, the Sinn Fein leader, angrily predicted that Britain would force his party out of the talks.

"Can the cause of peace be helped by us being dumped out of here tomorrow?" Mr. Adams asked as his delegation arrived at Dublin Castle, the center of British rule in Ireland before the predominantly Roman Catholic south won independence in 1922.

The Northern Ireland peace talks will be held here for three days this week.

"Why should anyone want to bring pressure upon the IRA to end killings when the IRA itself has said very publicly that its cease-fire is intact?" he asked. If Sinn Fein is expelled, he warned, it "may not come back."

The talks began in June 1996 and are supposed to conclude by May. The goal is to find a way to govern Northern Ireland that is acceptable to both its pro-British Protestant majority and the Catholic minority.

Last month, the British and Irish governments, which co-sponsor the talks, expelled representatives of the north's main pro-British Protestant paramilitary group, the Ulster Defense Association, because it had admitted killing Catholic civilians.

The Ulster Unionist Party, the main group representing Northern Ireland's Protestant majority, has threatened to pull out of the talks if Sinn Fein is not expelled.

John Taylor, deputy leader of the Unionists, said it was nonsense for Sinn Fein to say it had no connection with the IRA.

"They must go," he said on BBC radio. "You cannot have people who are involved in terrorist violence at the table of democracy."

Asked what would happen if Sinn Fein were not expelled, Mr. Taylor said: "We would have to retire to consider the situation because there is no way in which we could continue to sit at the table of democracy with people who have a paramilitary wing carrying out murders."

"You must remember that the IRA and Sinn Fein are the same organization. They are two branches of the one movement. It's simply nonsense for Sinn Fein to say they have no connection with the IRA," he added.

Officials in both governments said they weren't sure when a decision would be reached on Sinn Fein, since all seven parties in the talks will be allowed to present arguments first.

The governments probably would let Sinn Fein re-enter the peace process within several weeks — as long as the IRA is not implicated in any more killings. They have already made a similar offer to the Ulster Democratic Party, which could be back at the table later this month.

Sinn Fein, fearful of divisions erupting within party and IRA ranks, has suggested it would file a legal challenge in the Irish Republic's courts and organize mass protests in the north if the party is ordered out.

Sinn Fein says it should be treated separately from the IRA — even though the party's admission to the talks in September was dependent on the IRA's declaration of a cease-fire the previous July.

While saying the cease-fire is intact, the IRA has not confirmed or denied killing a drug dealer, Brendan Campbell, or Bobby Dongan, a member of the Ulster Defense Association.

On Friday, Northern Ireland's police chief, Ronnie Flanagan, concluded that the IRA killed both men.

The IRA has killed nine suspected drug dealers since 1995, and is believed to have targeted Mr. Dongan in retaliation after Protestant militants killed eight Catholic civilians in December and January.



Mo Mowlam, Britain's secretary of state for Northern Ireland, being greeted by David Andrews, Irish minister for foreign affairs, and Junior Minister Liz O'Donnell as peace talks resumed at Dublin Castle on Monday.

Mea Culpa! Odd Confessions (for a British Daily)

By Sarah Lyall
New York Times Service

LONDON — It is not news that newspapers make mistakes, garbling names, misquoting sources, reporting that a figure was \$812 when it was actually, er, \$812 million. But in Britain, the land that introduced the notion of "the fact too good to check," most newspapers are notoriously reluctant to print corrections, except when the error is particularly glaring or the threat of legal action particularly pressing.

It is unclear whether the no-correction policy is based on arrogance or a feeling that mistakes are yesterday's news and thus not worth revisiting.

But most reporters and editors here seem to regard confession as weakness, and to hope that nobody notices their errors. When one is caught, papers usually run a small, out-of-the-way correction, urge the complainant to write a letter, apologize or ignore the problem as too picaresque to bother with.

"Corrections waste space," said an editor at The Sunday Times of London, who spoke on the condition of anonymity. "If you say that someone is Mr. S. Biggles and he's really Mr. Y. Biggles, it gets very boring."

But late last fall, The Guardian, the most leftist of London's so-called quality newspapers, decided to bring corrections out of the closet. It started a prominent daily column of mea culpas under the heading "Corrections and Clarifications."

Among other things, the corrections have dealt with spelling (the paper rendered Sir Norman Fowler as "Sir Normal Fowler"); geography (the paper mistakenly said that Germany shares a border with

Italy) and fruit (the paper called lemons alkaline, when they are actually acidic).

Several have had to do with the customs of the animal world, as when an editorial that referred sentimentally to the nesting habits of the blue titmouse — or, the blue tit, as it is known here — was found to have got those habits wrong. "Blue tits do not build their nests in hedges," the correction read. "They prefer holes in tree trunks, amongst other locations."

Geoffrey Goodman, editor of the quarterly British Journalism Review, said: "This is the first national newspaper in Britain to do this sort of thing, and I think it's very courageous. There has been, for a long time, a feeling that the public is very skeptical about the things they read in the newspapers. I think what The Guardian is trying to do is to redress that balance, and give people the impression that newspapers do care."

But the fact that the newspaper — whose propensity for typos has earned it the nickname "The Grauniad" in the satirical magazine Private Eye — is now purposely drawing attention to its own failings has left some competitors bemused.

"The motivation behind it is very good, but some days there does seem to be an awful lot of them," said Patrick Barrow, a spokesman for The Sunday Telegraph and The Daily Telegraph.

In this candid new world, Ian Mayes, the new "reader's editor" of The Guardian, serves as general enforcer. Mr. Mayes, who presides over the corrections and writes a weekly column about the inner workings of the paper, spends much of his time ferreting out errors, responding to complaints from disgruntled readers and prodding reporters to check disputed facts.

Though Guardian reporters tend to joke that, as one said, "we all hiss whenever Ian comes near," they generally seem to feel that the new policy is good, even if it is an irritating form of tough love.

"Sometimes, as a journalist, it's mortifying to see what slips through," said Andrew Culf, the paper's night editor. "I think most people feel that it's a sign of a responsible newspaper that we're willing to put our mistakes right."

For Mr. Mayes, who used to be the paper's obituary editor ("I've moved from the dead to the injured," he said), the quest for accuracy is nothing less than a crusade.

"In a lot of papers, they see admitting a mistake as a sign of weakness," he said. "But if you feel that you're producing a newspaper with an intelligent readership, why not treat them as intelligent? Why not display the same degree of openness and frankness that we expect from others?"

Mr. Mayes, whose name appeared as "Ian Hayes" when he wrote his first article for The Guardian in 1963 (there was no correction), acknowledges that the column is still in its infancy, finding its style and its voice. He is certainly amassing a small army of fans who apparently read it before they read anything else.

"The Grauniad's corrections are far, far more interesting than the original articles," Private Eye said.

One reader wrote in wistfully to say that he enjoyed The Guardian's tendency toward misprints. To which Mr. Mayes replied, "The time when The Guardian ceases to make mistakes altogether is not, at the moment, foreseeable."

Turkey Renews Drive To Curb Dissident Speech

Istanbul Mayor and Kurds' Party Are Charged

By Stephen Kinzer
New York Times Service

ISTANBUL — With two new indictments of prominent political figures, Turkish prosecutors have again signaled their determination to restrict speech that they believe endangers national unity.

The cases, one against the mayor of Istanbul and the other against the only legal Kurdish-based political party, seemed certain to increase criticism of Turkish laws that prohibit statements that in many other countries would be considered normal political discourse.

On Friday, prosecutors in the southern city of Diyarbakir filed charges against Mayor Recep Tayyip Erdogan of Istanbul in connection with a speech he made in the nearby town of Siirt last year. In that speech, Mr. Erdogan, who is a leader of the Islamic-oriented Welfare Party, said: "The mosques are our barracks, the domes are our helmets, the minarets are our swords, and the faithful are our army."

The indictment charged that by making that statement, Mr. Erdogan was calling on his supporters to form "an army of jihad," or holy war. It also charged him with "using democracy to establish an

evil order." If convicted, he could face as much as three years in prison.

Last month, Turkey's highest court closed the Welfare Party, declaring that it sought to undermine the secular basis of the Turkish Republic.

The court also banned seven of the party's top leaders from politics, including its chairman, former Prime Minister Necmettin Erbakan. Since then, there has been speculation that pro-Islamic politicians would form a new party, and that Mr. Erdogan, 43, would become its leader.

Mr. Erdogan has become a popular figure in Istanbul, Turkey's largest city, for restoring municipal services that had deteriorated and embarking on public-works projects.

Abdullah Gul, a Welfare leader who is a member of Parliament, said of Mr. Erdogan: "If you read the whole text of his speech, you will see that he was calling for unity, not provoking anyone or anything."

He added: "I have information that the Justice Minister called prosecutors in Diyarbakir and Siirt and urged them to push this case. They are also trying to lift my immunity and make a case against me. They say I am provoking the people, that I have made statements against the army."

At almost the same hour that the indictment of Mr. Erdogan was filed, a prosecutor in Ankara, the capital, announced that he was ordering the arrest of the entire 57-member directorate of the People's Democracy Party, one of the country's few legal pro-Kurdish organizations. Nine members of the directorate were reportedly taken into custody.

The party ran strongly in Kurdish districts in the 1996 national election, but it failed to win 10 percent of the vote nationwide and, as a result, is not represented in Parliament.

Kurdish parties have had a difficult time operating in Turkey. The government has closed a succession of them, insisting that they served as front groups for the rebel Kurdistan Workers Party, a guerrilla army that is waging a separatist war in southeastern provinces.

The leading Kurdish politician in Turkey, Leyla Zana, is serving a 15-year jail term after being convicted in 1994 of advocating separatism and supporting the Workers Party. But her image may form part of the case against the party.

Government officials have complained about a 1998 calendar that the People's Democracy Party produced and distributed. One page carries a photo of Ms. Zana, and another contains a list of Kurds and others who have been victims of "mystery killings" that some analysts attribute to government death squads.

"The calendar is an element of crime among others," the Ankara prosecutor, Talat Sahin, told Reuters after he issued the arrest warrants Friday.

Serb Hard-Liners Grab a Share of Western Aid to Bosnia

By Mike O'Connor
New York Times Service

SOKOLAC, Bosnia-Herzegovina — Late last year, as U.S. and World Bank officials were negotiating the details of a \$17 million aid program for Bosnian Serbs, they were given an ominous warning: If they did not agree to a core nationalist, even criminal, in hopes of enticing them to become more moderate or merely as the unfortunate price of carrying out broader goals.

Following the U.S. lead, the West leapt to give financial support to Mr. Karadzic's successor, Biljana Plavsic, after she split with other nationalist politicians. American diplomats call the new Bosnian Serb president a moderate, though they acknowledge that her actions fall short of her promises to back Western efforts to carry out the peace accord that ended the Bosnian war two years ago.

That a lot of aid goes to authorities who routinely renege on commitments is acceptable for now, in the view of the administrator of the United States Agency for International Development, Brian Atwood.

Money is a tool for gaining influence and encouraging political change, he said.

"If we're too rigid on the terms we'd never move any money," Mr. Atwood

promote peace and ethnic tolerance or, through lax auditing, make those leaders richer.

The situation sharpens a dilemma long present in Western policy in Bosnia: the conflict between principle and practicality — whether aid should go to hard-core nationalists, even criminals, in hopes of enticing them to become more moderate or merely as the unfortunate price of carrying out broader goals.

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"If we're too rigid on the terms we'd never move any money," Mr. Atwood

said. "You do the best you can, but it does no good to be so rigid you basically don't engage."

A senior American official who is helping shape that policy concurred, saying, "Moral absolutism will not get us very far in Bosnia policy."

Aid organizations face a conflict between principle and practicality: Should some money be given to hard-core nationalists in hopes of enticing them to become more moderate?

He said that in the last few months some Bosnian Serb leaders had become less difficult to deal with because they want Western aid.

In this small town, Sokolac, an agricultural center in mountains dabbled with sheep herds and rustic cottages of Bosnian nationalism, local leaders are pleased to have been selected for a \$750,000 World Bank loan to remake the water system.

They cannot explain, though, how they met the criteria for the loan.

They say the water system is not

below the level needed to satisfy basic human needs or protect the health of its 12,000 customers. Nor is it insufficient to supply water for initial economic recovery. Only a leap in the town's growth would tax the system.

"We're hoping to have 30,000 people living here in a few years," said Mitar Odvic, "Considering that, what we have now is not adequate."

In Sokolac, the small group of Bosnian Serb men who control almost all government, business and daily life have defied pressure to share power or allow thousands of refugees from other ethnic groups to return home.

In the benefits they will get from the World Bank loan, and in their opposition to the peace accord, they are typical of many authorities to whom financial aid is being directed.

Officials of Western assistance programs say money is always precisely targeted and scrupulously monitored. It is supposed to be for urgent needs, and only for areas where local authorities can be trusted to unify and stabilize the country by doing what was promised in the peace accord.

That accord recognized a Bosnian Serb Republic and a Muslim-Croat Federation in Bosnia. Two important ele-

ments of it that are nearly universally ignored in the Serb Republic are the arrest of war crimes suspects and the return of refugees.

But many experts say that without aid the Serb-controlled region will remain an economic wilderness, dragging down the rest of Bosnia.

"Their part of the country cannot make it back with the previous level of assistance," said Rory O'Sullivan, head of the World Bank mission in Bosnia. "If half of the country is dead economically, the whole country cannot survive."

Criticism of the aid programs comes from the belief that much of the money is going to the worst Bosnian Serb leaders, either through oversight, or so that they will not obstruct the aid that might help moderate leaders.

In the U.S. Congress there is also concern that foreign aid money in Bosnia may not be achieving American goals as well as it should.

Thirteen lawmakers wrote Secretary of State Madeleine Albright asking her not to approve the World Bank loans. One of them, Senator Frank Lautenberg, Democrat of New Jersey, said in an interview that Congress sees little payoff for the money being spent.

"They'd better start showing results soon," he said. "There's not a lot of patience around here."

U.K. Prods Iran on Threat

LONDON — Britain said Monday it would do all it could to convince Iran to lift a five-year-old death threat against the writer Salman Rushdie.

Foreign Secretary Robin Cook held a 15-minute meeting with Mr. Rushdie and said afterward that Iran's chances of improving relations with the West would depend on how far Tehran went in defusing the issue.

"I gave him my assurance that working to remove the threat to his life will be central to our policy toward Iran," Mr. Cook said. "We will work hard to do what we can to lower and then remove the threat."

Mr. Rushdie, 50, who had a private dinner with Prime Minister Tony Blair on Saturday, said he was optimistic that the problem could be resolved.

Britain, in its role as European Union president for six months to June 30, has called on Tehran not to carry out the religious ruling, made by Iran's former spiritual leader, Ayatollah Ruhollah Khomeini, that condemned Mr. Rushdie to death for alleged

blasphemy in his novel "The Satanic Verses."

The speaker of the Iranian Parliament said Sunday he hoped Muslims would kill Mr. Rushdie as a lesson to "those who oppose God and God's prophets." (Reuters)

Memorials Lack Funds

BERLIN — The foundation responsible for maintaining two of the Nazis' most infamous concentration camps as memorials said Monday it lacked the millions of Deutsche marks needed to carry out urgent repairs.

The Brandenburg Memorial Sites Foundation, which preserves the Sachsenhausen and Ravensbrueck camps in eastern Germany, said the sites had been neglected during the region's communist era and now needed more than 50 million marks (\$27 million) worth of repairs. (Reuters)

Denktash Calls for Talks

NICOSIA — The Turkish Cypriot leader,

Rauf Denktash, called Monday for direct talks between the two communities on the divided island of Cyprus following the re-election of President Glavkos Klerides.

Mr. Denktash said that now was the time to open the way to direct talks "between two peoples who have been ruling themselves separately since the willful destruction of the partnership state back in 1963."

Mr. Klerides, a conservative, was re-elected as head of the internationally recognized Greek Cypriot administration with 50.8 percent of a runoff vote Sunday. (Reuters)

Surgery Set for Havel

PRAGUE — President Vaclav Havel of the Czech Republic, improving after being admitted to a hospital last Thursday, will have a throat operation later this week, his doctors said Monday.

They said that he would have a minor operation to remove an ulcer that might have been contributing to repeated bouts with bronchitis.

Mr. Havel, 61, has had difficulties breath-

ing since a small cancerous tumor was removed from his right lung in December 1996. (Reuters)

Papon Witness Leaves

BORDEAUX — Rolf Holtfort, a German magistrate who was to have testified Monday at the trial of the French wartime official Maurice Papon, has returned to Germany after receiving a death threat, said the prosecutor, Marc Robert.

Mr. Robert said Monday that Mr. Holtfort received an anonymous letter at his hotel in Bordeaux. The letter, written in French, said: "Vichy is alive. No German witnesses, or if you speak, you are a dead man." Vichy refers to the World War II regime in France that collaborated with German forces.

On Monday, Mr. Papon, who is being tried for complicity in crimes against humanity, detailed what he said were exemptions from deportation trains from 1942 to 1944 when he was secretary-general at the Bordeaux prefecture in charge of "Jewish affairs." (AFP)

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INTERNATIONAL

When UN Inspectors Report on Iraq, Who Gets the Data?

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — As U.S. military planners list targets in Iraq that may be attacked soon, they will draw partly on the results of seven years of UN inspections that detail the function of hundreds of sensitive Iraqi industrial plants and weapons-related facilities.

Does that mean the inspectors are really spies for Washington's military forces, as Baghdad routinely claims? After all, a 1995 revelation by the United Nations that crates of sophisticated missile equipment were being shipped from Russia to Iraq provided an intelligence bonanza for the CIA. So did the United Nations' discovery in 1991 that Iraq had stashed away secret components of an advanced nuclear weapons program, and the UN revelation in 1995 that Iraq had produced a sizable arsenal of deadly germ weapons.

Iraq has cited the prominent roles of Americans in the UN Special Commission on Iraq in arguing that the inspectors are snooping into matters unrelated to their mandate. It also has claimed that Washington used its influence to skew the focus and conclusions of the in-

spections, trampling Iraqi sovereignty in an effort to gain military advantage and prepare for strikes like the one now threatened.

U.S. and UN officials alike deny the claims, however, and Iraq has not convinced any independent experts that the commission erred in saying that Iraq was still hiding data, equipment or weapons of mass destruction. It was ordered to surrender in 1991. In fact, no military strike would be looming if Iraq had given the UN inspectors unfettered access, as ordered by the UN Security Council.

A more accurate statement, according to U.S. and UN officials, would be that UN inspectors do indeed act as spies inside Iraq, insofar as they are attempting to learn things that Iraq prefers to keep hidden. Moreover, many countries — the United States not the least — are eager to learn everything the commission knows and use various means to find out about it, ranging from debriefing its experts to observing them from afar.

One reason for the intense international focus is that the commission remains the key to unlocking the vast supply of Iraqi oil that eventually will be

sold on the world market, affecting prices around the globe. Only when the commission certifies that Iraq has eliminated all its threatening weapons and surrendered the relevant records will the Security Council consider withdrawing the sanctions barring large Iraqi oil sales.

Sensitive information about Iraq does flow in and out of the commission's

NEWS ANALYSIS

offices on the 30th and 31st floors of the United Nations tower in New York, UN officials say, but only because the organization lacks the ability to mount a sophisticated inspection effort without routinely getting unpublishable assistance from individual nations. This assistance is considered critical to assessing the importance or credibility of what the inspectors uncover.

But commission officials argue that they collect intelligence in Iraq only on a narrow list of authorized topics, and that they do so only on behalf of the Security Council, not any individual government.

Even Buchanan, spokesman for the Special Commission, said the staff of the

commission cringed at the notion of spying because that connoted "something bad." But he affirmed that its aim was to collect whatever data it could on banned Iraqi weapons of mass destruction.

The dispute arises largely because in the rush — after the 1991 Gulf War forced Iraqi troops from Kuwait — to ensure that Iraq could no longer threaten its neighbors, the Security Council vested the Special Commission with powers greater than any previous UN organization.

Commission representatives were authorized to go anywhere in Iraq, ferret out any hidden illicit military capabilities, demand the destruction of any worrisome military equipment and answer only to the Security Council. But the commission had no staff of its own and little money.

Rolf Ekeus, the first chairman of the commission, decided he had no choice but to forge a staff from experts sent to the commission by willing governments, whose salaries would be paid by these governments, a practice that lies at the heart of Iraq's recent complaints.

Only a small fraction of the estimated 60 professionals at the commission in

New York and 100 professionals in Baghdad or Bahrain are actually on UN salaries. Instead, most are paid by the countries that either supported or participated in the military coalition that fought Iraq in the Gulf War. These are the countries that have been the most devoted to the task of undermining the Iraqi military threat.

When the experts begin work at the United Nations, each must sign a statement promising not to seek or accept instruction from any government or outside authority, and not to communicate at any time to any other person or government what they learn unless it has already been made public or is authorized by the United Nations.

In exchange, they gain the immunities and protections traditionally granted to employees of the international organization.

Members of the peer review panels organized periodically by the commission to verify the accuracy of its conclusions do not sign a similar nondisclosure agreement.

All this aside, it is no secret that some of these experts report their findings not only to the commission, but also to their own governments.

FRANCE: Iraqi Invited to Talks

Continued from Page 1

say that, if it can be done by avoiding dropping bombs and killing women and children, that would be better."

France and Russia urged the United States to support a last-minute mission by the secretary-general to Baghdad to try to get Iraqi agreement to a plan they believe would save face for Mr. Hussein, who had declared the eight sprawling "presidential sites" off-limits to UN inspectors.

Under the plan, diplomats from the five permanent member countries on the Security Council — the United States, Britain, France, Russia, and China — would accompany the chief UN arms inspector, Richard Butler, on a "white-glove" inspection of parts of the complex Iraqi leadership actually lives in, in return for unlimited access for the arms experts to the rest of the facilities.

Iraq has been insisting on limiting the inspections to only a 60-day period. France is also bracing for a decision this month by the Clinton administration on whether to impose sanctions on the giant French oil company Total for its government-backed decision to go ahead with a \$2-billion natural gas exploration project in Iran with Russian and Malaysian partners.

Italy Backs Annan Visit to Iraq
Alan Friedman of the International Herald Tribune reported from Rome:

Prime Minister Romano Prodi said Monday that no military action should be taken against Iraq until Secretary-General Annan has a chance to visit Baghdad.

"I think we need to seek an agreement between the United Nations and Iraq," Mr. Prodi said in an interview Monday. "Our position is that before any military action is taken, Kofi Annan should visit Iraq. We in Italy want to push Kofi Annan to go to Baghdad and we want to push Saddam Hussein to respect UN resolutions and regulations."

Asked if it was sufficient for Mr. Annan to visit Paris, Mr. Prodi replied: "The question is whether he will go to Baghdad."

Mr. Prodi denied that domestic political considerations featured in his policy statement. In recent days there have been threats from the small Green Party and the Reformed Communists to withdraw from his majority coalition should bases

BRIEFLY

Algerian Forces Kill 52 Guerrillas

PARIS — Algerian forces killed 52 Muslim rebels in military operations and had Algeria's most wanted outlaw leader trapped with 150 of his men after a flare-up of killings, Algerian national dailies said on Monday.

Acting on a tip-off by a 14-year-old girl who escaped rebels after six months in captivity, troops stormed a guerrilla base Sunday in the Medea area, about 70 kilometers (45 miles) south of Algiers, Le Matin newspaper reported. They killed 23 gunmen and the military operation was said to be continuing.

In the western province of Tlemcen, soldiers killed 10 rebels hiding in a farm over the weekend, Le Matin said. In neighboring Telagh area, where dozens of civilians have been killed in rebel attacks, government forces killed 17 rebels on Sunday, L'Authentique daily said. Two more were slain over the weekend in the Bouira region east of Algiers, it said.

In the southwestern region of Saïda, where 17 civilians and pro-government militiamen were killed Saturday in an ambush, troops trapped a 150-strong elite force of the Armed Islamic Group, including its commander, Antar Zouabri, L'Authentique said. (Reuters)

Saudi King Seems Weak on Broadcast

RIYADH — King Fahd of Saudi Arabia appeared lethargic in state-run television footage broadcast after he had undergone medical checkups. The footage shown Sunday evening showed the monarch barely able to lift his arm to shake hands with well-wishers at his palace.

Hospital sources said that the king was examined Saturday and Sunday at the King Faisal Specialist Hospital. His health has been the source of speculation since he suffered a stroke in 1995 and temporarily handed the reins over to Crown Prince Abdullah. (AP)

Fujimori Regains Popularity in Peru

LIMA — President Alberto Fujimori's popularity has risen again thanks to his personal campaign to lead relief work during El Niño storms now lashing Peru, a survey showed Monday.

The pollster Apoyo said Mr. Fujimori's general approval rating was up 7 percentage points in the first half of February, to 45 percent, compared with the end of January. The poll, of about 500 Lima residents, said 70 percent of those interviewed approved of his handling of the weather crisis. (Reuters)

in Italy be used for a U.S. strike against Iraq.

"My position is not based on domestic political considerations. It is Italy's policy," Mr. Prodi said.

In Washington, meanwhile, where the Italian foreign minister, Lamberto Dini, met for an hour Monday with Secretary of State Albright, an aide to Mr. Dini said Italy agreed with the United States that "there must be full observation of UN resolutions, and an opening of all sites to inspection."

Panel Clears Netanyahu In Mossad's Bungled Hit

By Serge Schmemmann
New York Times Service

JERUSALEM — A commission appointed to investigate the bungled attack on a Hamas official in Jordan absolved Prime Minister Benjamin Netanyahu on Monday of any blame for the fiasco, and endorsed the policy that terrorists can be hit "wherever they may be."

At the same time, the three-man panel concluded that the attack last fall was flawed in its conception, training and execution, and charged that Danny Yatom, head of the Mossad, Israel's secret service, "erred in his handling of the operation and in approval of the plan."

But only one member of the panel, Rafi Peled, former chief of the national police, recommended that Mr. Yatom or any other Mossad officials be fired.

The head of the commission, Joseph Ciechanover, chairman of the Israeli national airline El Al, and Dan Tolkowsky, former legal adviser to the Defense Ministry, declared that it was not their task to make such recommendations.

The commission of inquiry was appointed by Mr. Netanyahu after a Mossad assassination team tried to kill the political head of the militant Islamic movement Hamas. Khaled Meshal was attacked on a street in Amman, the Jordanian capital, on Sept. 25. After agents injected him with a slow-acting poison, Mr. Meshal's bodyguard gave chase, and the Mossad agents were captured.

The bungled operation turned into a major and costly embarrassment for Israel, seriously straining relations with the last Arab leader still on cordial terms with Mr. Netanyahu, King Hussein of Jordan.

The king, livid at the attack in his capital, demanded and received an antidote for Mr. Meshal, and the release from an Israeli prison of the founder of Hamas, Sheikh Ahmed Yassin, in exchange for the agents.

Israel was compelled to agree to the conditions.

The report of the Ciechanover commission came as a relief to Mr. Netanyahu, who declared that he had "no dispute about the honesty and professionalism" of the commission members.

"I think they tried to get to the bottom of things," Mr. Netanyahu said, "though I imagine my political opponents would have certainly praised them if they had reached other conclusions regarding the prime minister."

Reports from Amman, however, indicated that King Hussein was furious, both that the commission did not recommend a public commitment by Israel against any future assassinations in Jordan, and that it did not demand the resignation of Mr. Yatom.

Zeev Schiff, military correspondent for the Israeli newspaper Ha'aretz, reported that King Hussein had notified Israel that Israeli and Jordanian intelligence services would not resume working together until Mr. Yatom was fired. Such cooperation had been one of the main benefits of the peace agreement, and until the Meshal affair, Mossad representatives enjoyed close ties to the king himself.

Though exonerated himself, Mr. Netanyahu now faces the sensitive question of whether to fire Mr. Yatom. The Mossad head, formerly military adviser to the prime minister, indicated that he intended to fight for his job, even though two other Mossad officials — the division head and the commander of the hit squad — had resigned.

In his statement Monday, Mr. Netanyahu praised Mr. Yatom highly, noting that they had served in the same covert command unit, and said he would read the entire report before deciding his fate.

"The public does not know what the Mossad is doing, the numerous secret operations," Mr. Netanyahu said. "These are people who risk their lives. I can say every day and every night. It's important for me that these unknown fighters not be concerned about leaving on their next mission about the stroke of an ax. That's why one has to think very closely and make balanced decisions, and I plan to do that."



Prime Minister Benjamin Netanyahu, right, receiving the findings Monday of the inquiry into the Mossad's bungled assassination attempt from Joseph Ciechanover. Rafi Peled, left, and Dan Tolkowsky looked on.

CALENDAR: Washington Faces Problems in Scheduling a War

Continued from Page 1

any threat. It is one matter if war is forced on a country by invasion or self-defense. But what the United States and Britain are contemplating is a limited military strike in pursuit of a political objective, and the intricacies of the Muslim religious calendar are as important as the dates for moonless nights, long a favorite of military planners.

"This isn't exactly Pearl Harbor," a senior U.S. official said. "But there's no question the Joint Chiefs don't usually plan their battles this way."

Convenience is not the point, said the official, who, like the others quoted, spoke on condition of anonymity. "We're more concerned with meteorological and astronomical contingencies," he said.

There has been much debate over the importance of moonless nights and when they come, because the bombing of Baghdad that began the Gulf War in January 1991 took place on just such a night.

Although Stealth aircraft are hard to see on radar screens, on a bright day or a clear night they are big and black and more vulnerable to attack.

According to the U.S. Naval Observatory, the next new moon over the Middle East will be on Feb. 26, and the one after that will be on March 28. The two or three nights both before and after those dates are the darkest.

In the end, a political judgment will have to be made when diplomatic efforts to seek a peaceful solution to the Iraq crisis finally have run their course. That is not likely for at least a week or so, especially if the UN secretary-general, Kofi Annan, travels to Baghdad after the experts he already has sent there return this week.

There is an even stronger hint in President Bill Clinton's travel schedule, since presidents do not usually start wars when they are away from Washington. The Clintons are scheduled to go to Stanford for parents' weekend, Feb. 25 through March 1, although the trip is not yet officially confirmed.

So, it is not clear that military action can come in this month's moonless window, and it is fairly obvious that it will not come in the next. The reason? Mr. Clinton is traveling again, scheduled to leave on a five-country African tour at 5:40 P.M. on March 23 and to return on April 2, around dinner time.

A senior Defense Department official said the moon theory was "a little overdone." The U.S. military "is awfully good at night fighting, so night is better," he said, especially for an initial attack to suppress what he called "the largely reconstituted Iraqi integrated air defense."

During the Gulf War, the official said, "we bombed 40 days and 40 nights through new moons and old moons and all kinds of moons."

The military is flexible enough to cope, he insisted, and commanders can choose to hit targets with cruise missiles instead of airplanes if the danger to the airplanes is too high.

As important as the moon may be, weather matters more. With so much laser-guided weaponry, clouds of blowing desert sand get in the way. Here again, the expensive cruise missiles are less affected than airplanes and are even less affected than they used to be.

During the Gulf War, to reach their target, the missiles followed the terrain through a form of laser radar in the nose. That meant problems over the desert, with missiles following each other in a line, because they all needed to focus on

the same rare plateau or cliff to continue on their way.

Today, while still possessing terrain-following capability, the missiles are guided by satellites, which means they can take different routes without reference to the ground — and without hindrance from high winds and obscuring clouds of sand.

While the final pieces of the military hardware puzzle are not scheduled to arrive in the Gulf for another few days, they will supplement existing forces.

"If we had to, we could exercise today any plan the president chooses," the defense official said. "We don't have to take into account the Olympics or the president's little domestic problems or media frenzies."

But politicians do, and they must also consider the sensibilities of their allies and friends, especially in the region.

When Secretary of State Madeleine Albright began her tour of the Gulf countries late last month, talking of diplomacy while seeking support for war, the problem was the Muslim holy month of Ramadan, which ended in a three-day feast.

That prompted some to play armchair general and conclude that warfare was impossible at least until the government of Saudi Arabia returned to work on Feb.

7, and then until Defense Secretary William Cohen returned from the Gulf and Moscow, which he did on Friday.

Then there was the convention that countries refrain from warfare during the Olympics, a request made specific by the host country, Japan, and by the International Olympic Committee. U.S. officials said the Olympics would stop nothing, but the Games were a factor in their thinking, the officials admit, and they are not due to end until Feb. 22.

And Israel is asking for more time to equip its citizens with gas masks, even though American and British officials regard the chance of an Iraqi poison gas attack on Israel to be nearly zero.

Now the Islamic observance that is on every wagging tongue is the hajj, the annual pilgrimage to the holy places of Mecca and Medina, in Saudi Arabia, made by a million or so Muslims a year.

The Islamic Institute in Washington says the hajj climaxes this year on April 6 and 7, and the month centered on the hajj begins on March 30. But pilgrims will begin to travel from every Muslim country to Saudi Arabia from about March 20.

So does that leave a window for war for the four weeks from Feb. 23 through March 20? Or not?

House, said recently that he sought to be "supportive" of his friend "in good times and bad" but that Mr. Clinton had not sought his aid. Among the other Arkansas friends who came to Washington with him, the former deputy White House counsel, Vincent Foster Jr., is long dead from suicide and Webster Hubbell, the former associate attorney general who served a prison term for double-billing his old law firm, has been quietly discarded.

James Carville and Paul Begala, Mr. Clinton's pit bull consultants, are more concerned with learning about Mr. Clinton's adversaries than in dealing with the truth and consequences of their man. He has never bared his soul to them. The discredited political mastermind Dick Morris, banished for his own sexual transgressions, is one telephone call away from working his way back into Mr. Clinton's vortex, but he has been in temporary exile again since he theorized to a

Los Angeles radio station that maybe Mrs. Clinton disliked normal marital relations, compelling her husband to turn elsewhere. So much for Mr. Morris.

George Stephanopoulos, the former aide who once spent more time at Mr. Clinton's side than anyone, and who often shuddered in private with worst-case scenarios of his boss, now shares them on television with the whole nation. He has said that he never felt like a Clinton confidant or peer in any case.

Other aides of his generation now plot tactics and strategies for the president without having a clue, they acknowledge, about what he did or how he really feels.

Erskine Bowles, the chief of staff, has shown a disinclination for personal controversy and has tried to keep the White House going as though Mrs. Lewinsky and Kenneth Starr did not exist. Press Secretary Michael McCurry has told the clamoring press pack that on these issues he is determined to stay safely out of the loop.

Friends of Bill from Hot Springs, Fayetteville and Little Rock, and from his days at Georgetown, Yale and Oxford, offer variations on the same theme. Whenever he was in trouble in the past, they stormed to his defense. This time they have tried to support him as best they can, but they have felt a certain distance. In almost every case, the explanation they offer is the same one that applies to Mr. McCurry, Mr. McLarty and others close to the president professionally or personally: They are worried about getting caught in the tangled web of investigations.

Every conversation with their friend comes with the

CLINTON: In the Midst of Crisis, a President Surrounded by Friends Stands All Alone

Continued from Page 1

The surest evidence of how much things have changed is that Mr. Clinton's most intimate conversations seem to be with his legal counselors. These men, including Mickey Kantor, Robert Bennett, David Kendall and Charles Ruff, have little in common except their client. But to varying degrees they have become not only the president's lawyers but also his brothers, confidants, psychiatrists.

If he has not told them everything, they apparently have heard more than anyone, including Hillary Rodham Clinton, in some matters. To one or more of them, he has offered details of the most indecible troubles of his life involving Paula Jones, Whitewater and Monica Lewinsky. When he is frustrated, confused, feeling like a wounded animal, he is most likely to turn to them to talk about it. The conversations might never come around to his present predicament, but they will calm him down.

That his lawyers have emerged as his closest confidants is largely a matter of pragmatism. As one person close to the situation said: "Who the hell else is he going to talk to? He is not going to talk to Hillary about some of this stuff."

Who else indeed. These are not comfortable topics to discuss with his daughter, Chelsea. He has never had a father to confide in — his biological father, Bill Blythe, was killed before his birth; the stepfather from whom he drew his name, Roger Clinton, was a troubled alcoholic who died when the future president was in college. His mother, who never wanted to hear bad news from him and preferred to live in her own fantasy world, died four years ago. His troubled little brother, Roger, is not one to offer advice or keep secrets.

Vice President Al Gore has declared himself the president's loyal friend and made it clear that he does not really want to know the details. Vernon Jordan Jr. might have served the role of brother-confessor in the past, but now, caught up in the Lewinsky investigation himself, he has had to keep a certain distance. It did not go unnoticed that Mr. Jordan, a regular at White House functions, was off the list at the Feb. 5 state dinner for Prime Minister Tony Blair of Britain.

Mr. Blair himself proved a fine friend for a few days during the crisis, but he has his own country to run. Mr. Clinton has always felt comfortable with Bruce Lindsey, his ghostly silent deputy counsel, a longtime friend from Arkansas, but Mr. Lindsey is more the fixer and loyal servant than confidant. He is there to play hearts with the president and do whatever needs to be done to ease Mr. Clinton's way.

Thomas McLarty, another Arkansas pal in the White

House, said recently that he sought to be "supportive" of his friend "in good times and bad" but that Mr. Clinton had not sought his aid. Among the other Arkansas friends who came to Washington with him, the former deputy White House counsel, Vincent Foster Jr., is long dead from suicide and Webster Hubbell, the former associate attorney general who served a prison term for double-billing his old law firm, has been quietly discarded.

James Carville and Paul Begala, Mr. Clinton's pit bull consultants, are more concerned with learning about Mr. Clinton's adversaries than in dealing with the truth and consequences of their man. He has never bared his soul to them. The discredited political mastermind Dick Morris, banished for his own sexual transgressions, is one telephone call away from working his way back into Mr. Clinton's vortex, but he has been in temporary exile again since he theorized to a

Los Angeles radio station that maybe Mrs. Clinton disliked normal marital relations, compelling her husband to turn elsewhere. So much for Mr. Morris.

George Stephanopoulos, the former aide who once spent more time at Mr. Clinton's side than anyone, and who often shuddered in private with worst-case scenarios of his boss, now shares them on television with the whole nation. He has said that he never felt like a Clinton confidant or peer in any case.

Other aides of his generation now plot tactics and strategies for the president without having a clue, they acknowledge, about what he did or how he really feels.

Erskine Bowles, the chief of staff, has shown a disinclination for personal controversy and has tried to keep the White House going as though Mrs. Lewinsky and Kenneth Starr did not exist. Press Secretary Michael McCurry has told the clamoring press pack that on these issues he is determined to stay safely out of the loop.

Friends of Bill from Hot Springs, Fayetteville and Little Rock, and from his days at Georgetown, Yale and Oxford, offer variations on the same theme. Whenever he was in trouble in the past, they stormed to his defense. This time they have tried to support him as best they can, but they have felt a certain distance. In almost every case, the explanation they offer is the same one that applies to Mr. McCurry, Mr. McLarty and others close to the president professionally or personally: They are worried about getting caught in the tangled web of investigations.

Every conversation with their friend comes with the

unspoken subtext of potential legal bills, especially since Mr. Starr, the independent counsel, has shown such aggression in hauling people before his federal grand jury.

"This last month has been harder than ever for all of us," said an old friend from Arkansas. "When you see that everybody who is a friend or close to him has been subpoenaed, investigated, written about, it is just going to put another kind of artificial protective sort of distance there. If you talk to him at all, the unspoken mutual concern is: Don't say anything that will get you in trouble. Don't say anything that will get me in trouble."

These concerns are both a reflection of Mr. Clinton's behavior and a sign of the times. Jody Powell, press secretary to President Jimmy Carter, said he could not imagine working with the same fears and concerns that haunt Mr. McCurry and other Clinton aides.

The burden this situation places on Mr. Clinton's friends only exacerbates the sense of separation they feel from the president anyway simply because of the distance between his office and the rest of the world.

The contradiction of the presidency — feeling alone in the midst of people — is there even in the best of circumstances. The president is surrounded by people all day, every day. He lives and works inside the bubble of 35 Secret Service agents who accompany him from the moment he strolls down the steps of the residence. Around them is another protective ring of 100 uniformed agents.

He has a personal aide at his side from dawn to midnight. Personal secretaries record his every appointment and utterance. Electronic monitors announce his movements. He is served all day by scores of counselors, special assistants, senior advisers, ushers, cooks, stewards. But none of those people around him, or any of his lifelong friends, can know the pressures that a president faces, and none of them can know his deepest fears and insecurities, not even the lawyers he confides in these days.

In that sense, he has no peers, only predecessors. Thomas Jefferson said the presidency brings "nothing but drudgery and a daily loss of friends."

Woodrow Wilson said he "never dreamed such loneliness and desolation of heart possible."

William Howard Taft called the White House "the loneliest place in the world."

During an earlier crisis, Mr. Clinton said, "Sometimes I really get lonesome for why I came here." But he had spent his life wanting to be president, preparing for it, amassing the network of friends that would help get him there.

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AI FUTURE

under the new MAI treaty, we will be able to restrict foreign investment in any segment of its economy. This could make it easier to attract foreign investment, or to limit it. It could also make it easier to attract foreign investment, or to limit it. It could also make it easier to attract foreign investment, or to limit it.


البيان

SHOULD CORPORATIONS GOVERN THE WORLD?


Why is this deal secret? Would public exposure be deadly to the MAI? Maybe so. Here are some details:

THE NEW WORLD

Under the new MIA treaty, no nation can be able to restrict foreign investment in any segment of its economy. Neither could it make rules about reinvesting profits in local communities, or hiring local workers, or respecting cultural traditions, or protecting the environment. If approved, even public property, once it has been partially privatized, would be subject to foreign takeover. We may witness the Hollywood

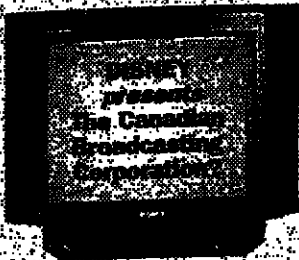


McBig Ben?



Mitsubishi Taj Mahal?

moving Canadian Broadcasting Corporation operating American Airlines or Yellowstone Park, or Mitsubishi managing the Olympics, or the Taj Mahal. In an era of privatization, global corporatization, and total freedom of investment, anything becomes possible.



**Private presentation:
The Canadian
Broadcasting
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8 Some say that the MAI will benefit Third World economies, thus "helping feed a hungry world." This is deeply cynical because exactly the opposite is the case: the MAI enshrines the abilities of rich investors to dominate poor countries. These countries need control over investment on their soil, to encourage local businesses and workers to build a base for the future. They *must* have full sovereign authority to regulate entry that could overpower and destroy local business. Small countries use tools such as tax breaks for domestic industry; preferences for local banks over foreign banks or local farmers over agribusiness giants; preferences for local businesses in government contracts; and requirements that foreign investors become partners with local people who retain 51% ownership. *All of these controls would be dead under the MAI.* All countries would be submerged under the new freedoms of multinational capital. So then, *just who gets fed?* Hungry investment bankers, only.

Address _____

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

What Indonesia Needs

Indonesia, battered by economic crisis and unprepared for the eventual departure of its dictator, President Suharto, is jittery over increasing unrest. Well it might be.

The last time the country changed rulers, in the 1960s, half a million people died in the upheaval, most of them ethnic Chinese.

Another violent transition can be avoided by planning now for an orderly and swift shift to democratic rule. For that to happen, Washington must register its objections to the 76-year-old Mr. Suharto's plan to have himself re-elected to a new five-year term next month.

America has complex interests in Indonesia. It needs to promote wiser economic management, to calm investors, to maintain regional security relationships and to minimize the pain suffered by the poor.

But discouraging Mr. Suharto's reelection by a compliant Parliament should be part of the mix. Recovery has been set back by his shifting responses to the financial crisis, including his new proposal to lock in exchange rates with a currency board before putting in place reforms that could make fixed rates sustainable.

Democracy can come about only through Indonesian efforts.

President Suharto has perpetuated his grip by eliminating rivals in the military or officially tolerated parties and ensuring that no plausible successor is ever groomed. If he is to be peacefully eased from power, it will

likely require the consent of Indonesia's armed forces, which have played a dominant role in politics and the economy since independence.

That role should be rapidly phased out for the sake of military professionalism as well as democracy. Members of Indonesia's civic, labor, environmental and religious associations should be allowed to compete freely for political leadership.

Moving toward democracy will not be easy in a country that has known only dictators in its 48 years of independence.

But the costs of a blocked political system are already visible in recent threats made against the Chinese minority as food prices and unemployment have risen.

The Chinese account for less than 4 percent of Indonesia's 200 million people but own as much as 70 percent of the country's private wealth. Yet for every international tycoon among them, like Mochtar Riady, there are thousands of small shopkeepers and merchants threatened with losing all they have to angry mobs.

Increasing democracy will not eliminate tensions between Indonesia's Muslim majority and Chinese minority. But it can provide more constructive outlets for public fear and anger than now exist.

It also opens new possibilities for replacing an economic system based on cronyism and corruption with an honest, accountable marketplace.

—THE NEW YORK TIMES

Europe and the Press

Article 10, Section 1 of the European Convention on Human Rights is majestic in its sweep and simplicity. "Everyone has the right to freedom of expression," it begins, "without interference by public authority and regardless of frontiers."

This is what you would expect from a document that is one of the core sources of liberties claimed around the world.

But look, along with the international watchdog World Press Freedom Committee, at another article. It burdens the exercise of free expression with "duties and responsibilities," permitting restrictions in the interest of national security, territorial integrity, protection of the reputation of others, preventing disclosure of information received in confidence and so on—the whole familiar litany of rationalizations for official censorship.

The West European countries that wrote the convention in 1950 prized their democratic traditions but wanted to preserve a cautionary hand. In practice, the infrequent applications of Section 2 provisions were largely blunted by rulings of the European Court of Human Rights.

But the dubious language was not altered, and the later addition of formerly Communist-ruled countries to the Council of Europe had the effect of confirming the initial readiness to safeguard the rights of governments to restrict the media.

The World Press Freedom Commit-

tee has been on the Council's case for years. It took the glaring internal contradiction to Strasbourg late in 1996, asking whether the Council would tend to the matter if the committee could produce 200 examples of how the offending principles had been used to justify shutting down newspapers, jailing journalists and the like.

"Do you have a council official said."

In the committee's new report, "Perverse Results: How the European Convention on Human Rights supports global restrictions on press freedom," Dana Bullen and Rosalind Stark lay out the evidence case by case.

Over the five years ending in 1996, the restrictions were used nearly 1,200 times in 109 countries to justify assaults on press freedom.

This is a low figure. It excludes the hundreds of other assaults where local free press or human rights groups did not enter the fray.

Noting that the language of the document offers "ready examples—even invitations—to those in power desiring to curb news media," the report found it "profoundly disturbing that ideas contained in overwhelmingly useful human rights documents serve to legitimize abuses against a fundamental human right."

The new report has been met with silence in Strasbourg. It is time to hear what the Council intends to do to halt its equivocation on press freedom.

—THE WASHINGTON POST

Peru and Ecuador

From being South America's most bitter enemies, Peru and Ecuador are moving to resolve a half-century of conflict that has cost them and their region dearly in blood and treasure and access to a brighter future.

They are now set on completing a peace treaty that will erase the traces of a warring 19th century quarrel, steady their relations with each other and boost the cause of Western Hemisphere integration. This Tuesday in the capitals of the four treaty guarantors—Brazil, Argentina, Chile and the United States—the drive down the home stretch begins.

The matter lying between Ecuador and Peru is often called a border dispute, but this scarcely describes its sources of ultranationalism and political obsession. Somehow Ecuador came to include the Amazon River as a key element in its national identity. The trouble is, Ecuador was never in contact with or control of territory on the fabled waterway.

A treaty of 1942 with Peru offered Ecuador free access to the Amazon Basin but was never put into effect. The issue has smoldered since; there was a brief but nasty remote-jungle

war in 1995. That war's silver lining was the combatants' recognition that the price and peril of their continuing encounters were rising to dangerous levels and blurring their focus on their more important obligations.

They were helped along the way to this conclusion by the four countries that had accepted still-living guarantor responsibilities in the 1942 treaty and that we now pleased to put multilateral hemispheric diplomacy to work.

The result being sought is a treaty that would demarcate a relatively small disputed area in a settled boundary line of more than 1,600 kilometers. It would bestow on Ecuador not sovereignty over this area but navigation rights and full access leading to border integration. The treaty also would create a foundation for contemporary cooperation between the two countries.

The conflict between Ecuador and Peru is a 19th century weight on a continent heading into the 21st century. The treaty under preparation would resolve this conflict the modern way—by applying law. It would mark a triumph of maturity over hysteria.

—THE WASHINGTON POST

For Asia, Confidence Means Structural Reforms

By Paul M. Dickie

MANILA — The drastic fall in value of the currencies of some East Asian countries is beyond economic rationality. To survive, the region must confront and begin to resolve a neglected set of major problems.

In the past, large currency depreciations were explained by a loss of export competitiveness, and could be corrected by tight fiscal and monetary policies. The cause of such crises generally lay in wrong macroeconomic policies where the printing of money at home and borrowing too much abroad fueled excessive consumption.

But this time it was different. Asian economies have generally followed sound macroeconomic policies.

Before the crisis began in July, savings were high, budgets were generally in surplus and monetary policies were correct. Current account deficits ranged between 4 and 5 percent of GDP (except for Thailand at 8 percent), reflecting inflows of foreign direct investment which, over time, could be expected to benefit the economy.

What caused the free fall? The answer lies in the structural defects of these economies. While they vary from coun-

try to country, financial sector weakness is the notable common problem.

In South Korea, family-run conglomerates were overextended, with average debt to equity ratios of 4 to 1, and in some cases 10 to 1. With government support, banks provided too much credit to diversify and open new export markets. When a cyclical downturn in electronic and other export goods occurred in 1996 and 1997, the conglomerates needed more support than the government could provide. Bankruptcies followed, and the bad debts led to a banking crisis and a loss of confidence by both domestic and foreign creditors.

In Indonesia, since deregulation began in 1988, banks more than doubled in number to reach a total of more than 240, but without proper supervision. Companies overborrowed from local banks.

In addition, the Indonesian private sector borrowed heavily from foreign banks without hedging the foreign exchange risk in case the rupiah fell sharply, as happened after Thailand

was forced by a shortage of foreign exchange in July to let the baht float.

Financial governance in the public and private sectors in Indonesia was weak; the influence of business done on political connections was strong. With the fall of the rupiah, firms were unable to repay their foreign debts.

Such structural problems take time to resolve, and it will involve high social costs. But governments have little choice but to commit to the necessary restructuring.

Under the bailouts led by the IMF, Thailand is reforming its banking sector with World Bank help. The Asian Development Bank is assisting with reform of the capital markets. Both banks are helping to build a better social safety net in Thailand. South Korea and Indonesia are involved in similar reform programs.

The way ahead is fraught with difficulty. In the past, "approval charges" (a euphemism for corruption) often hugely inflated major project costs, making them uncompetitive. Asia will have to pay for such hidden charges.

The adjustment costs from this crisis will be massive. Most utilities and

companies cannot service their external debts, so bankruptcies and increasing unemployment will compound the problems. Inflation will accelerate to an annual rate of 20 to 40 percent in the worst affected economies. Unemployment at home will be aggravated by jobless migrant workers returning from overseas.

But in each case, the key to recovery will be a credible commitment to reforms. The bottom line is the ability of the government to restore confidence.

In South Korea, President-elect Kim Dae Jung is generating confidence that the tough decisions will be made. The falling rupiah indicates that confidence has yet to be generated in Indonesia.

Once structural reforms have taken hold, and confidence returns, East Asia should be able to absorb the economic and social costs involved. There is no reason the region cannot return to its previous high growth path. But it is easier to say that than to achieve it.

The writer, a senior official of the Asian Development Bank who coordinated the bank's programs for South Korea and Indonesia, contributed this comment to the Herald Tribune.

The United States Lacks Legal Authority to Attack Iraq

By Julie Dahlitz

GENEVA — No extant Security Council resolution provides a mandate for use of force against Iraq in connection with any difficulties in weapons inspections. To use force in the absence of such a resolution would be an act of aggression.

Iraq should not be permitted to flout the will of the Security Council. On the contrary, there is no more urgent task than averting the threat or use of weapons of mass destruction.

Possession of such weapons by anyone who might be expected to use them aggressively is, of course, the greatest danger of all. States or persons who are not prepared to do everything in their power to prevent a situation of that kind have no interest in the world's welfare.

So it should be possible to convince the members of the Security Council to take the necessary steps. So far, there is no indication that they intend to shirk their duty.

It is only the best manner of proceeding that is in dispute—preferably, inspection arrangements that better accommodate Iraqi sensibility without sacrificing efficacy. (Such flexibility is usually shown in weapons inspection regimes.)

Just now, the major problem stems from a widely held erroneous belief that there is a Security Council resolution which permits the use of force against Iraq by the United States and/or any other UN member. At the least, it is thought, there are one or more resolutions that are ambiguous and could be read that way.

That is not so. There is no such mandate.

When the Gulf War ended in April 1991, the Security Council decided by Resolution 687 on a long list of requirements from Iraq, upon acceptance of which a formal cease-fire

would become effective. Those requirements included:

"... that Iraq shall unconditionally accept the destruction, removal or rendering harmless, under international supervision, of:

"(a) All chemical and biological weapons and all stocks of agents and all related subsystems and components and all research, development, support and manufacturing facilities related thereto;

"(b) All ballistic missiles with a range greater than 150 kilometers, and related major parts and repair and production facilities..."

In that resolution's last clause, the Security Council

"decides... to take such further steps as may be required for the implementation of the present resolution and to secure peace and security in the region."

In Resolution 1157 of 1997, regarding similar subject matter, the Security Council "expresses the firm intention to take further measures as may be required for the implementation of this resolution."

These resolutions (the only relevant ones) do not give a mandate for military action.

There is no mention of what state or body may take any action, or of who is to decide—other than the Security Council itself—what and when action "may be required."

ing those matters were found to be unnecessary, any UN member state could apply any Security Council resolution with the use of force at any time.

In the past, when there has been consensus in the Security Council to take military action of a kind that, without a mandate, would amount to aggression under the Charter, the Council has used an entirely different form of words, including "authorization" of the action, and naming of who might carry it out.

Examples are to be found in the "Congo" (Leopoldville) Resolution 169 of 1961, in which the Security Council "authorizes the secretary-general to take vigorous action, including the use of the requisite measure of force, if necessary..."

In the "Desert Storm" Resolution 678 of 1990, unless Iraq complied with the requirement to retreat from Kuwait as described in several earlier resolutions, the Security Council "authorizes member states cooperating with the government of Kuwait... to use all necessary means to uphold and implement" the relevant resolutions.

The unprecedented dangers of our day require greater wisdom, patience and honest cooperative endeavor than our forebears ever needed. It is to be hoped that those qualities will triumph.

The writer, a specialist in international law and editor of a book series on arms control law, contributed this comment to the International Herald Tribune.

Slay Saddam? Well, No, of Course, but...

By William F. Buckley Jr.

GENEVA — Certain things, most sensible people will agree, should not be spoken about, and sometimes even deception is in order.

Some years ago I testified as a friendly witness to a defendant in a civil lawsuit. Joe McGinniss, the author of "Fatal Vision," was being sued by Dr. Jeffrey MacDonald. There were special problems posed in the proceedings, because the plaintiff was in prison for life for murdering his pregnant wife and two daughters.

Even so, he had managed to get a judicial hearing, charging that Mr. McGinniss had deceived him when accumulating the research for his book. The defense argued that the author could legitimately conceal his own opinions in order to expedite his research. I concurred.

"So you believe in lying!" the plaintiff's lawyer exclaimed, holding a triumphant hand up in front of the 12 jurors. I replied that the word "lying" had to be appraised by the context. "If my wife says 'Ann I still the most beautiful woman in the world?' I don't think I have exactly 'lied' in saying 'Yes.'"

The jury divided on the issue, and one wonders how it would come up on a proceeding in which the president was a defendant on the question: Did he lie when he said that a primary purpose in any campaign against Iraq was not the assassination of Saddam Hussein?

On Nov. 20, 1975, a Senate investigating committee headed by Senator Frank Church filed its Report on Assassination. Committee members included such heavyweights as Walter Mondale, Gary Hart, Howard Baker and Barry Goldwater.

The report said: "We have found concrete evidence of at least eight plots involving the CIA to assassinate Fidel Castro from 1960 to 1965."

President John Kennedy was not around to deny it. Camelot historians take the position that he did not know about it, did not know about the eight plots by the CIA to assassinate Mr. Castro. Oh, yes, and Bobby Kennedy didn't know about them, either.

Amazing, the independence of executive departments. You can try to kill a foreign leader eight different times, and the commander in chief knows nothing about it.

The point here is that the above was merely one more enactment of a classic covenant between the prince and his agent bent on missions of a certain kind. That understanding is that no connection between the two will ever be recorded.

A hypothetical scene I once described, in attempting to argue the proposition that assassination is a moral art form: Suppose that Idi Amin, the half-crazed former leader of Uganda, has acquired a nuclear bomb and is now at Entebbe airfield to dispatch an airplane with instructions to drop it over Tel Aviv. In the scenario, a CIA agent is hidden 100 meters away with a 30-caliber scope sight rifle and a radio. "I have Amin in my crosshairs. Do I pull the trigger?"

The man in the White House says: "Yes, but whether you're caught or not caught, I know nothing about it."

After the Church report was filed, President Gerald Ford issued an executive order forbidding assassination as a legitimate instrument of foreign

policy, and it is quite right that he should have done so, and all leaders should forswear assassinations. But—need we say more?

Headline in the International Herald Tribune: "The Unanswered Question About Iraq: What to Do About Saddam?" The Feb. 12 story carries news of the security seminar conducted in Munich to help Secretary of Defense William Cohen brush up on his arguments before arriving in Moscow. Manifestly, whatever preparation he made didn't get him very far with Russian Defense Minister Igor Sergeev on the matter of using force against Saddam.

But the Tribune story replayed the commentary at the seminar of Richard Perle, formerly with the Reagan administration, who said he liked to think he was not the only person in the room who hoped that no diplomatic solution to the problem of Saddam would be found. If you want to, you can read that as Aesopian language for: Get Saddam.

Mr. Perle's published views on the Iraq situation call for a total effort based on enlivening the Iraqi opposition. With the view to what? To ending the career of Saddam, which is a genteel way of saying to end the life of Saddam.

Those who balk at what they are tempted to denounce as moral circumlocution are generally correct. In the last analysis, such liberties can be defended only in outright moral situations... It would have been good, no, if somebody had shot Hitler? Never mind who put him up to it.

The writer, a syndicated columnist, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: The Maine Sinks

PARIS — The United States battleship Maine sank in Havana harbor at midnight Tuesday [Feb. 15] after an explosion which wrecked the forward part of the vessel, causing terrible loss of life among her crew. There were more than 400 men on board, of whom only 33, including all but two of the officers, are so far known to have escaped. Captain Sigbee, the commander, was not on board at the time. The explosion is said to have been due to spontaneous combustion in the coal bunkers around the forward magazine.

1923: Pharaoh's Tomb

LUXOR — The sealed door of the tomb of Tutankhamen, in the Valley of the Tombs of the Kings, was pierced, and the modern world is now in possession of a rich treasure of secrets of antiquity. As was ex-

pected by American and British archaeologists who had gathered for this important event, the inner chamber was found to contain the sarcophagus of the King and, in addition, a vast quantity of rich furniture from the Royal palace.

1948: Indian Politics

NEW DELHI — The working committee of the all-India Hindu Mahasabha, an organization now under fire for its rabidly Hindu bias, has resolved to intensify all political activities and concentrate instead on the relief and rehabilitation of refugees and on non-political work tending to "create a powerful and well-organized Hindu society in an independent India." The Mahasabha, which gained considerable power during the last year, suffered a tremendous setback when it was revealed that Mahatma Gandhi's assassin was a member of the association.

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LETTER

DESERT STORM
THE SEQUEL

The Windsor Sale: A Cautionary Tale of Consumerism



Duke and Duchess in Paris, 1964.



Mannequins in the dining room wearing the duke and duchess's clothing.

A Lifetime Amid His Books

By Rita Reif
New York Times Service

NEW YORK — Throughout his life, the Duke of Windsor lived surrounded by books. There were Bibles and prayer books that were given to him in childhood by his mother and his grandmother and 20th-century history books inscribed and sent to him by the world leaders who had written them.

There were numerous books on his world travels, British royalty, golf, fox hunting, military history, cooking, wines, fashion, art, literature and pugs.

Books were part of the trappings of privilege, and the duke continued to accumulate them. He carried them with him whenever he changed residences, from palace to palace, first as Prince Edward of York, then as Edward of Wales and, finally, as King Edward VIII.

After he abdicated in 1936 and became the Duke of Windsor, he married Wallis Warfield Simpson, and the couple — and his books — moved to Paris. The duke and duchess kept books everywhere in the house: in the library, the drawing room, the study near his bedroom and even on the walls of the air-raid shelter in the basement. But they were apparently as much for display as for consumption; by all accounts, the duke would rather do needlework than read, though some of the books are well thumbed.

The Sotheby's sale of the Windsors' possessions that begins Tuesday represents a bonanza for book collectors for two reasons: Many of the books are inscribed by the powerful, rich and famous, and they are also from the first British royal library to come on the market.

Celebrity And Acquisition

By Mitchell Owens
New York Times Service

NEW YORK — Auctions are about shopping. But increasingly, they are becoming a chance to reflect on the ultimate futility of acquisition.

Consider Sotheby's dispersal of the Duke and Duchess of Windsor's household chattel, from the formula for her L'Oreal hair dye to his painted taffeta curatorial banner to his 1940s neo-traditional furniture by Jansen, the eminent Parisian design house. These and more than 40,000 other Windsor relics will be disposed of in a nine-day sale that begins Tuesday at Sotheby's.

Emboldened perhaps by the round-the-clock lines for the Jacqueline Kennedy Onassis sale in 1996 and last year's auction of the estate of Pamela Harriman, Sotheby's specialists have used the Windsor windfall to exercise a curatorial breadth and narrative swagger that is more typical of museums than of auction floors. This distinction is partly due to the expertise of Ralph Appelbaum Associates, a New York design firm specializing in museum shows.

Instead of simply setting out the possessions like so much merchandise to be moved, Appelbaum, in partnership with specialists at Sotheby's, has transformed two selling floors into a theatrical fun house suffused with a flair similar to the one Diana Vreeland brought to the moribund Costume Institute of the Metropolitan Museum of Art in the 1970s.

Half documentary and half high-tone estate sale, the auction and its installation carry a poignant subtext that gives visitors an experience that may be more

serious than they, and perhaps even Sotheby's, bargained for. The Windsor story, as seen here, is a contemplative and deeply moving visual biography that tells several cautionary tales — of consumerism run amok, of lives unfulfilled, of chances wasted and of cultural wounds that remain resolutely unhealed.

One elderly man was overheard at a preview last week muttering deprecations about the duchess as he gazed at a giant image of her and the middle-aged duke beaming in the entrance hall of their mansion on the Bois de Boulogne in Paris. After 62 years, it is apparent that neither style nor time has given the Windsors a break. Of course, they only had themselves to blame.

When measured by reality's cold light, the Windsors' celebrity was based solely on one rash act. "Why are we celebrating?" an old acquaintance of the duchess's pondered in his journal when the dethroned king and his wife drove through her native Baltimore in an official motorcade. "She brought down a king."

The duke made no lasting impact on history, except in fashion, with the Windsor-knottie tie and a daredevil abuse of tartan. The duchess, who wrote that "the possession of beautiful things is thrilling to me," supported none of the arts except couture.

Neither of them said anything particularly memorable, though the duke's declaration that he abandoned his country for "the woman I love" has a certain fatalistic glamour. The duchess's brittle bon mot about never being too rich or too thin (Elsie de Wolfe, one of her decorators, probably said it first) resounds with what Noel Coward once called the potency of cheap music.

In the end, the sum of the Windsors' lives is not a matter of history but of the accumulation of possessions. The public exhibition of their goods ran through Monday. Net proceeds from the sale, which Sotheby's estimates will bring in

\$5 million to \$7 million, are to be distributed to children's charities that were supported by Dodi al Fayed and Diana, Princess of Wales. The sale had been scheduled for September but was canceled when the couple were killed.

A close look at the Windsors' displaced furnishings reveals a luxurious, slightly camp stage set on which not even the actors seemed secure in their roles. A magnificently stylish pair of tortoise shell and ivory consoles by Jansen turn out to be artfully painted wood an eighth of an inch thick. Then there is the avalanche of oversized monograms, exquisitely worked in gold, red or blue — on handkerchiefs, handbags, pillows, shoes, telephone books, note paper, even china toothbrush cups.

There are so many monograms one gets the uncomfortable feeling that the duke and duchess spent their 35-year marriage on the defensive, barricading themselves behind a battalion of interlocked W's and E's, legitimizing their 15-acre (6-hectare) kingdom.

VARIOUS reasons have been given for the emptying of the Windsors' turn-of-the-century house, where they lived from 1953 onward (the duke died in 1972 and the duchess in 1986). Mohamed al Fayed, who owns Harrods in London and the Ritz Hotel in Paris, leased the house and bought its contents after the duchess's death and spent the next three years restoring it as a private museum. Then last year, he suddenly announced that he and his family needed more room — specifically that occupied by the Windsors' oddments.

After walking through the Sotheby's installation, it seems possible that al Fayed's decision to sell was more personal than spatial: Perhaps the psychic weight of the Windsors' possessions was too oppressive to bear.

Sotheby's show — an intersection of gossip, society, decoration and politics

— takes the benighted Windsors from cradle to altar to grave. Transparent white panels printed with larger-than-life photographs of the duke and duchess and interior views of their three-story mansion serve as backdrops that give the essence of 10 of their rooms: the entrance hall; the salon; the dining room; his bedroom, bathroom and study; her bedroom and dressing area and their private sitting room.

Chairs and tables, set on either side of the screens, surrealistically fade in and out of view, as in holograms. Quotations from letters and poems are flashed onto the walls, providing a shorthand account of how Queen Victoria's low-headed great-grandson grew up to inherit his family's throne, only to renounce it 11 months later to marry Wallis Warfield Simpson, a twice-divorced American.

There are treasures here, of course. When a couple's only hobby is spending money, they are bound to make a few good purchases. The most valuable Windsor relics were dispersed long ago, however. The duchess's vast jewelry collection was sold by Sotheby's in Geneva in 1987 for \$50.3 million, and most of the 18th-century French antiques and porcelains were sold to Versailles and the Musée de la Sevre. But hundreds of choice items remain.

Then there is the abdication desk, a plain-spoken Georgian antique from Fort Belvedere, the duke's bachelor retreat near Windsor Castle, that by all rights should end up in a museum in England, not a living room on Park Avenue.

But the intimate possessions are distinguished solely by their associations. The duke sat on this, the duchess slipped from that. Curiously, it is precisely because Sotheby's has taken such pains to detail every facet of the Windsors' lives that the implied importance has been beaten out of nearly every object. In the end, the Windsors were just Wally and David, a smug, rich suburban couple.

The Shaker Paradox and Luxury 'Camping'

By Katherine Knorr
International Herald Tribune

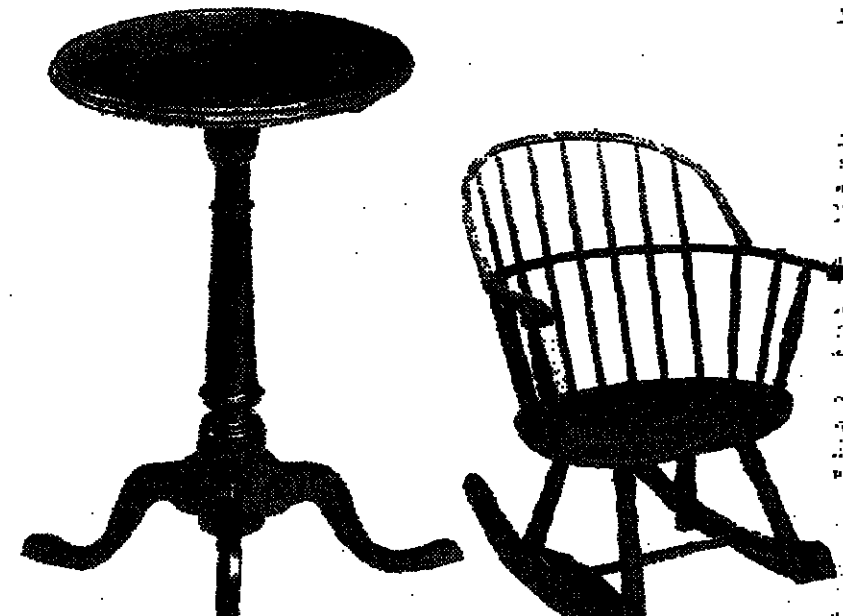
IT is one of those curious paradoxes of the design and fashion worlds that objects become fashion as they are turned away from their initial purpose — witness Christian Lacroix's use of crucifixes in his early days, or the enduring popularity of Shaker furniture and its various imitations, designs originally intended to be functional and simple, and that get sold in the plush surroundings of upscale furniture supermarkets, stripped of all the spiritual content.

"The Shaker World — Art, Life, Belief" by John T. Kirk (Harry N. Abrams, \$60; distributed in Europe by Thames & Hudson, £38) is a beautifully illustrated coffee-table book that attempts to explain the curious world of the American Shaker communities through their objects, the chairs and the dressers, the naive artwork, and the famous oval boxes with their "swallow-tails" with copper tacks. He also seeks to place the Shakers in the larger context of American and, indeed, international furniture design, and to show how they influenced painters and photographers.

As Kirk points out, Shaker design has been seen as a precursor to the Bauhaus, and Japanese or Danish 1950s design. This is a tricky comparison, not least because the Shakers were not for the most part "designers" or "theorists" of form and function. Still, Kirk believes, they were both more influenced by the design patterns of their time and more mar-

keting-oriented than most people ordinarily think.

Much of the furniture — particularly what is known as Classic Shaker, representing the period between 1810 and 1860 — was indeed functional and austere. Still, it is interesting to note that much of it was painted in traditional bright neoclassical colors, often red, but also blue or green or yellow. A case with cupboard over drawers, described in the book as one of the earliest dated Shaker pieces (it is inscribed "January 29 1817"), was made of red-painted pine. Other examples are a tailor's counter, blue on the bottom, orange on top, with cherrywood knobs and a pine body (about 1815), and a yellow-painted chest of drawers (1830-40). Shaker clothes and other textiles, such as rugs,



The Adirondacks in the 19th and early 20th centuries were famous for the getaway for the rich, the sick and the artistic, and a recent revival of Adirondack Great Camps (that is, luxury camping) has coincided with some measures of land protection by the state of New York, probably preventing the parceling of at least one of the great old estates nestled in this extraordinary wilderness, so quintessentially American and the source of the famous eponymous furniture.

"Early Days in the Adirondacks" (also Abrams, \$39.95 and £25) is the first major grouping of the haunting photographs of Seneca Ray Stoddard, a multifaceted man — photographer, of course, but also painter, journalist, guidebook writer, novelist, spiritualist and hypochondriac — with a text by Jeanne Winston Adler. Here is all the beauty of the Adirondacks from the middle of the 19th century, and the contrast between the camps for working men, the sanitariums where exercise was part of the treatment against tuberculosis, the Great Camps, where the rich roughed it in what has now become classic outdoor furniture, and the grand hotels with their massive verandas where the middle class increasingly came to vacation.

Seneca Ray Stoddard, born in 1843, started out as a sign and ornamental painter, and even when he began making money as a photographer saw himself as a landscape painter. As photography developed, it was both disdained and feared by painters. Interestingly, Stoddard, Jeanne Winston Adler points out, has been compared in his photography to the late Hudson River School painters, often known as luminists for their use of light in work



Eighteenth-century table and chair as modified by Shakers; Echo Camp, built for Phineas Lounsbury, a governor of Connecticut, generally contained between 1850 and 1875.

CROSSWORD

ACROSS

1 Site of St. Peter's

5 Leg muscles, for short

10 Swindle

14 "Jeopardy!" host Trebek

15 Reversed

16 California Gov. Wilson

17 Hay-billy slur

18 Precalculator

19 Corrida cheers

20 "Dallas" ranch

21 Fountain servings

22 Union letters

24 Airline seating class

26 Malzois lack it

30 Early screen star Power

31 Like an old oak tree

32 Axis foes

34 At any time, in poetry

35 Physics units

36 Teen hangout

40 50's band leader Perez

42 Cross

43 Inscription

44 East European

45 — Lingus

46 Samples

47 Off the mark

50 A century after the Wright brothers' first flight

51 Live an old oak tree

54 G.I. entertainers

56 Cinema chain

57 Diving maneuver

58 First name in gymnastics

64 City south of Bartleville

65 Point after dance, maybe

66 — dire (legal process)

67 Have — of tea

68 Karate school

69 Start of North Carolina's motto

70 Centaurot masie

71 Muhammad and others

DOWN

1 St. Louis 11

2 Hedgepodge

3 Carte

4 Kind of poll

5 Heavy cloth

6 Open, as a barn door

7 Month after Shebat

8 Haggle

9 Star Wars, initially

10 "Hoobert Heever," e.g.

11 Rostropovich's instrument

12 Mr. T's TV show, with "The"

13 Cluttered

21 Bigot's emotion

22 Swindle

23 French landscape painter

24 Thanksgiving bowlful

25 Mid-east carrier

26 — brave (2/2 time)

29 Theme of this puzzle

31 Pine

32 Alley score

33 Part of ABM

37 Three of a Kind?

41 Adapt anew

46 One way to run

48 19th-century literary init.

49 Arizona territorial capital

51 Fielder's aid

52 Legal pleas, informally

53 Umbrella

55 Play for the N.H.L.

56 Gravy Train competitor

58 Zippo

59 Pop star

61 South Seas getaway

62 Genesis son

64 Univ. instructors

Solution to Puzzle of Feb. 16

AFAR	ARDOR	MAITS
MOIRA	PUCE	AQUIN
GOVER	CLEVELAND	ATTO
LASER	EVA	TIBEL
EYE	ABSENCE	ARE
ASA	ONE	
JAMES	BUCHANAN	
GOPS	TORRE	SPOT
ADAM	PERSO	WAT
STILLO	NAP	BRESS
PLEASE	AZORES	
JOHN	KENNEDY	
SPAT	DIVOT	EXEC
ARCS	ELITE	NEED
WOK	DOLE	TSKS

Trial Run for... leaves a City B...
France. Finds It To...

Street's Ne...
Fine-Win...

San Troubles C...

CURRENCY

TUESDAY, FEBRUARY 17, 1998

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A Trial Run for the Euro Leaves a City Bewildered

Sarlat, France, Finds It Tough to Divide by 6.5

By Anne Swardson
Washington Post Service

SARLAT, France—Every morning, Brigitte Mertz comes to work at the bakery she runs on the main shopping street here and starts slapping on the price stickers. New prices go up for the apple tarts, the almond creams, the black-chocolate cake (a regional specialty), the flan.

On one side of the price sticker she writes the cost in French francs. On the other, she writes the price in euros, the planned European single currency that will be used by countries to be chosen this May.

Customers, Miss Mertz says, are flummoxed.

"If we were to vote on the euro now, three-quarters of the people would vote no," she said.

"They don't like having to calculate everything."

As the nations of Europe take the first concrete steps toward currency union this year, their airwaves and news columns are filled with speculation about what the new money may mean for the economy, for governments, for commerce.

Such weighty questions pale, however, in Sarlat, where a prototype of the euro was introduced in the autumn. The toughest issue for the town's 11,000 residents: how to divide by 6.5 in their heads?

Merchants here have been affixing

prices in the two currencies since October, as have some city offices and the post office.

One price is in francs, the other is in European Currency Units, a European Union accounting unit that suffices for now as a euro substitute.

People do not use actual euros, which have yet to be printed, although prototype euro bills were put into circulation between Christmas and New Year's to give people a taste of the new money. While all accounting transactions in Europe will be converted to the new system in January, the real coins and bills will not be available until 2002.

"It will be very difficult to pass from the franc to the euro," said Christian Salive, who runs the local Citroen auto dealership and as the leader of a local business association is an initiator of the trial project. "There will be a loss of national identity. People must be taught."

At Miss Mertz's bakery, a small flan that sells for 8 francs (\$1.31) is also priced at 1.23 euros. A mocha tart costs 9.90 francs, or 1.52 euros. A small chocolate cake sells for 49 francs, or 7.54 euros.

The way to get from francs to euros is to divide the franc price by 6.5—not a simple calculation.

The aim of the double-pricing is to sensitize French consumers to the coming changes, to raise the profile of Sarlat, nestled in the Dordogne region of southwest France, and to pass on to the



Cyril Auger, a Sarlat grocery clerk, checking over double-priced products.

government in Paris some insights for the national transition.

For instance, a city report on the experiment recommends a very short double-currency transition period rather than the envisioned six months so that merchants do not have to use two cash registers.

And it says the idea of having national images on one side of the euro coins should be abandoned.

"You can't give a Frenchman change of coins with the head of King Albert on them," Deputy Mayor Xavier Louy said, referring to the Belgian monarch.

France is in the middle in terms of European popular opinion about the euro. A recent poll for Abbey National Bank of Britain found that 49 percent of French respondents thought the euro was a good thing, while only 29 percent of Germans approved. Italians were

strongly in favor, with 61 percent approving, although 21 percent questioned had never heard of the currency. France, at 97 percent, had the highest awareness of the coming euro.

Awareness is one thing, dividing by 6.5 another.

"It scares me—I have to use my calculator," said Esther Muller as she sifted through a box of sale items on the sidewalk in front of a local clothing store. Her 2-year-old daughter, Sandrine, who if the euro experiment proves a success will never use francs, played nearby.

"All the prices finish in odd numbers," Mrs. Muller said. "We're too used to francs in this country. I'll have to use a calculator for years."

There are plenty available. Mr. Salive

See EURO, Page 12

Wall Street's Newly Rich Drain Fine-Wine Cellars

By William Grimes
New York Times Service

NEW YORK — By 8 on Thursday night, Smith & Wollensky, the midtown Manhattan steakhouse, felt like the trading floor in midcity. The Wall Street guys were out in force, jackets off, cutting into man-sized portions of meat, joking loudly and popping the corks on some very serious bottles of wine.

A big wine splurge is taking place all over New York City, a leap in high-end consumption that began in early December and shows no signs of letting up, with the wine bill for a table of four sometimes running into the thousands of dollars. Restaurants and wine merchants largely credit the arrival of year-end bonus checks for stockbrokers, currency dealers, bond traders and others in the financial market.

The last several years have been good to Wall Street, but 1997 was nothing short of spectacular. Bonuses, when the final tally is in, are expected to have

risen an average of 20 percent to 30 percent from 1996, senior bankers and recruitment consultants say, adding up to a windfall of several billion dollars. Top executives will receive millions, with the lesser fry getting thousands.

"People are starting to get paid for the success of 1997," said a foreign-currency trader, flush with the joy that a three-liter bottle of 1989 Robert Mondavi Napa Valley Reserve Cabernet can deliver, at the modest price of \$582. "In the last month or so, people have started to get their bonus checks, and they're splurging."

Andrea Immer, once a financial analyst with Morgan Stanley & Co., has heard the bonus gossip at Windows on the World and Rainbow Room, where she is the beverage director, and she has seen the results.

"You know your bonus on the 5th or 6th of December," she said. "That's when we saw the magnificence and double

See WINE, Page 12



Asian Troubles Cut Region's Air-Traveler Forecast

Compiled by Our Staff From Dispatches

TOKYO — Asia's economic crisis has forced airlines to slash regional forecasts for international travel in 2001 by more than 30 million passengers, a leading industry association said Monday.

The International Air Transport Association cut its forecast for average annual growth in air-passenger traffic in the Asia-Pacific region between 1997 and 2001 to 4.4 percent from the 7.7 percent it forecast last year.

That equates to an estimated 176 million passengers in 2001, down from previous estimates of 207 million, said Pierre Jeannot, the association's director general.

Annual growth rates for cargo were cut to 6.5 percent from 9 percent.

Asia-Pacific traffic had also been forecast to increase to about 50 percent of world aviation in 2010 from 35 percent in 1995 but was now expected to fall to 33 percent in the same period, Mr. Jeannot said.

The effect of the Asian economic crisis was expected to vary significantly from

country to country, with South Korea, Taiwan and Malaysia expected to suffer most, while Japan and China were expected to suffer least, said Mr. Jeannot.

He called on airlines to aggressively streamline operations, warning that "our experience has shown it is better to take a bigger bite than to be more timid about it."

Airlines should avoid entering price wars, reduce capacity where needed, improve coordination through such measures as code-sharing and take the opportunity to purchase new, more fuel-efficient aircraft, he added.

The association's chief said he was also urging Asian-Pacific governments to agree to a three-year moratorium on price increases for infrastructure, such as landing and traffic-control fees.

Mr. Jeannot said he was telling regional governments "it is about time that you also do your share" so that the cost to the consumer "is maintained low."

The 42 airlines surveyed over the past three months were expected to have \$1.5 billion in profit erased by the Asian

crisis in 1998, while the total cost for airlines operating in the region would be \$2 billion, he said.

Mr. Jeannot said air travel and tourism generated about 20,000 jobs a day in the Asia-Pacific region, but with the new expected growth rates that "will be something like reduced to half."

Airline companies could find many ways to cut costs without compromising service or safety, he said, but governments could also help by keeping a lid on infrastructure costs, fostering tourism and through other policy measures.

Mr. Jeannot and other association officials were on a five-day visit to the region to assess the impact of the crisis on Asian airlines and to discuss possible measures for airlines. (AFP, Reuters)

Thai Airways Posts Loss

Thai Airways International PLC said it had a 26.7 billion baht (\$583 million) operating loss in its first quarter because of high foreign-exchange losses after the baht's sharp fall, Reuters reported from Bangkok.

Thai Airways said in a statement to the Stock Exchange of Thailand that it had lost the loss in the October-December quarter, compared with a profit of 1.5 billion baht a year earlier.

A Thai Airways official also said the carrier suffered a net foreign-exchange loss of 27.03 billion baht during the quarter.

Thai Airways' shares fell 2 baht to close at 51.50 in Bangkok.

EU Joins the Chorus: Don't Peg the Rupiah

Brussels Says Indonesia Should Drop Plan

By Barry James
International Herald Tribune

BRUSSELS — The European Union added its voice Monday to the opposition to Indonesia's plan to peg its currency to the dollar despite a lack of evidence in Jakarta of the economic reforms needed to underpin such a measure.

At the same time, the managing director of the International Monetary Fund, Michel Camdessus, confirmed to EU finance ministers that he had written to President Suharto of Indonesia warning that if it went ahead with the plan, it risked interruption of the \$43 billion in bailout funds pledged by the IMF.

Gordon Brown, the British chancellor of the Exchequer, who chaired the EU meeting, said the finance ministers strongly backed Mr. Camdessus' view that the Indonesian plan was "premature." The French finance minister, Dominique Strauss-Kahn, said the fixed-currency proposal was "not the right solution" for Indonesia and that "the conditions are not there."

The plan is technically known as a currency board. It would require a dollar in government reserves for a given number of rupiah the Indonesian authorities issue. But this could involve using the IMF aid as collateral, easing pressure to reform the economy. The aid is intended to underpin structural reform rather than support short-term spending.

The U.S. government also has expressed concern about the Indonesian plan, and the Asian economic situation is sure to be discussed by finance ministers from the Group of Seven industrialized countries when they meet Saturday in London.

Mr. Brown said Indonesia had not met the preconditions necessary to peg the rupiah successfully to the dollar. These conditions, demanded by the IMF, include radical changes in the banking system, reduction of the na-

tion's corporate debt and the dismantling of cartels that benefit the ruling elite.

The European Commission, the EU's executive arm, said in a report prepared for the ministers that the Asia crisis would shave at least 0.2 percentage point from the Union's projected economic growth this year, and possibly as much as 0.5 percentage point if the Japanese economy falters further.

But this would still leave EU economic growth at about 2.8 percent, the highest since 1994, and was not expected to disrupt plans to bring as many as 11 nations into a European currency union. The single currency, the euro, is to be introduced over a period of three years starting Jan. 1.

To become members of the currency zone, countries must demonstrate through four key indicators that their economies are converging. The 11 candidates for membership in the European monetary union — Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Finland, the Netherlands, Portugal and Spain — should have no problems in meeting two of the criteria, dealing with long-term interest rates and low inflation.

With some difficulty, all are expected to meet the requirement that public deficits not exceed 3 percent of gross domestic product. But most countries will be unable to meet the demand that public debt not exceed 60 percent of GDP — Belgium and Italian debt is more than double that benchmark.

In deciding which countries qualify, the commission is likely to take into account evidence that countries are reducing their debt toward the 60 percent level within a reasonable period.

Separately, the ministers failed to resolve a dispute over who will head the European central bank when it opens for business June 1. The bank will set interest rates for the entire euro zone.

Japan Passes Bank-Aid Bill, But Scandals Cloud Prospects

By Sandra Sugawara
Washington Post Service

TOKYO — Parliament approved a 30 trillion yen (\$238 billion) bank stabilization bill Monday, a key element of the government's effort to revive the teetering economy, but a widening banking scandal here has raised concerns that the plan could be derailed.

Two prominent financial institutions, Sanwa Bank Ltd. and Bank of Tokyo-Mitsubishi Ltd., were named in a bribery scandal involving Finance Ministry inspectors. Other major banks, including Asahi Bank Ltd., Dai-ichi Kangyo Bank Ltd. and Sanwa Bank Ltd., have been linked to the investigation, and Industrial Bank of Japan Ltd. has been linked to a different bribery scandal involving Japan Highway Public Corp.

In the face of growing public outrage over the scandals, some lawmakers have said that banks involved in the bribery scandal should not get any public funds. The six banks under investigation have said they have not decided whether they will ask to participate in the stabilization plan, which is designed to inject hundreds of billions of yen into the banking system to enable banks to quickly dispose of the \$600 billion of bad loans that are crippling Japanese banks.

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Thinking Ahead / Commentary

Crisis Could Create Tougher 'Tigers'

By Reginald Dale
International Herald Tribune

WASHINGTON — It seems like only yesterday that debate was raging over whether the economic model that hatched the "Asian miracle" could be exported to other developing countries. Now the more relevant questions are whether the American economic model is exportable to Asia — and, if it is, what that might mean for the West.

Like it or not, there is no way that East Asian countries can emerge successfully from their current economic and financial crisis without, in some important ways, becoming more like the United States.

Among other things, they will have to let market forces govern investment decisions, allow more competition, reduce the role of government, crack down on political and business "cronyism" and make financial systems more open and accountable.

Such changes are the price the worst-hit Asian nations will have to pay both for continuing support from the International Monetary Fund and to regain the confidence of world financial markets.

And Uncle Sam's patent economic medicine is not just being prescribed for the countries that have been forced to seek IMF aid — Indonesia, South Korea and Thailand. It is also highly recommended for others in Asia and elsewhere that wish to avoid a similar fate. To many Asians, and to some West-

erners, that hard truth smacks of American "neo-imperialism." But the critics' case is weakened by their failure to come up with any viable alternative.

In the global economy of the 1990s, the U.S. economic model has so far proved easily the most efficient. The American characteristics of individualism, inventiveness and initiative, combined with a strong distaste for central government, are proving ideally suited to today's leading high-technology industries.

That does not mean the current

Europe and America should be thinking about how they would measure up against a new, more dynamic Asia.

Western-dominated international system is incapable of improvement; nor does it mean that all the Asian countries are automatically going to adopt U.S. practices lock, stock and barrel.

The victims of the financial crisis have yet to feel the full shock of the mounting unemployment and social tensions that will soon hit them. Popular resentment of America could well grow stronger.

But now that the initial financial hysteria is over, there is also an increasing realization that a new and more dynamic Asia could emerge — after some birth pangs — if the Asian countries

move in the direction in which Washington and the IMF are pointing.

That new Asia would not only be more open and more economically efficient but less corrupt and more democratic. It would make an even bigger contribution to world growth and prosperity. But it would also be in many ways a tougher competitor for the West.

Rather than sitting back and congratulating themselves on how little they have been affected by the Asia crisis, both Europe and America should be thinking about how they would measure up against that new, more dynamic Asia.

Europeans should be figuring that if Asia can scrap an old economic model to join the 21st century, they ought to hurry up and follow suit. If Asia moves towards a U.S.-style economy, Europe's already dated and creaking system will look even more obsolete.

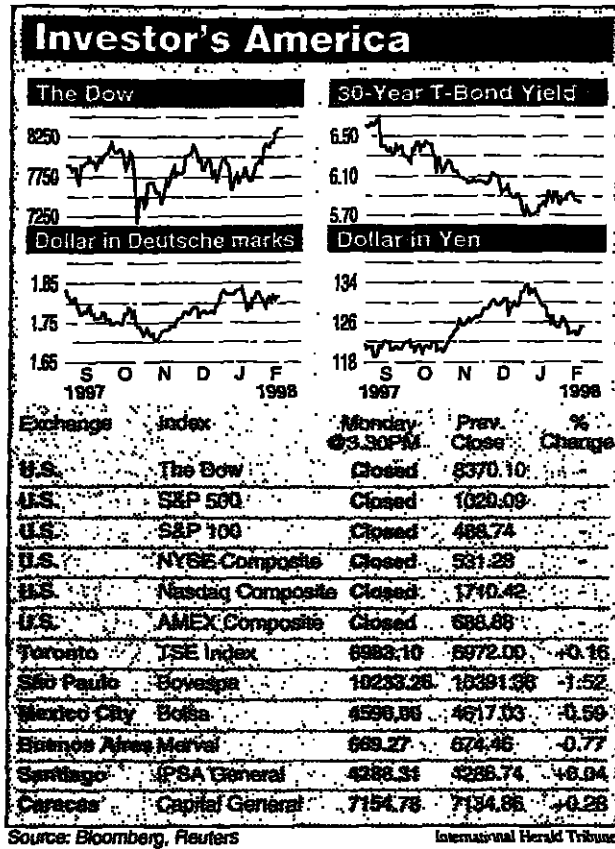
And it is not time for American complacency, either. As a global competitor, America currently has a big lead over its rivals. But during the last few decades, Asians have shown how quickly they can catch up when they put their minds to it.

In the past, the Asians have proved formidable exporters, but in other respects, they have been handicapped by the inefficiencies and rigidities of economic systems based broadly on the government-guided Japanese model. Americans know how well their own model has served them. They should now be wondering what it would do for Asia.

CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	FF	Yen	Sc	Sw	Nor	Den
Australia	1.00	0.69	1.36	16.5	107.5	136.5	13.76	16.48	13.76
Canada	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00
France	1.00	0.66	1.33	16.3	105.0	133.0	13.60	16.30	13.60
Germany	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Italy	1.00	0.54	1.16	13.8	87.5	116.0	11.60	13.80	11.60
Japan	1.00	0.0074	0.0094	0.0007	0.0001	0.0001	0.0001	0.0001	0.0001
Netherlands	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Spain	1.00	0.16	0.34	4.1	26.7	34.0	4.10	26.70	4.10
Sweden	1.00	0.13	0.28	3.5	22.5	28.0	3.50	22.50	3.50
Switzerland	1.00	0.75	1.50	18.8	120.0	150.0	18.80	18.80	18.80
U.K.	1.00	1.00	2.00	24.6	157.5	200.0	24.60	24.60	24.60
U.S.	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00
Other Dollar Values									
	Per \$	Per £	Per DM	Per FF	Per Yen	Per Sc	Per Sw	Per Nor	Per Den
Australia	1.00	0.69	1.36	16.5	107.5	136.5	13.76	16.48	13.76
Canada	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00
France	1.00	0.66	1.33	16.3	105.0	133.0	13.60	16.30	13.60
Germany	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Italy	1.00	0.54	1.16	13.8	87.5	116.0	11.60	13.80	11.60
Netherlands	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Spain	1.00	0.16	0.34	4.1	26.7	34.0	4.10	26.70	4.10
Sweden	1.00	0.13	0.28	3.5	22.5	28.0	3.50	22.50	3.50
Switzerland	1.00	0.75	1.50	18.8	120.0	150.0	18.80	18.80	18.80
U.K.	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
U.S.	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00
Forward Rates									
	30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day	360-day
Australia	1.00	0.69	1.36	16.5	107.5	136.5	13.76	16.48	13.76
Canada	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00
France	1.00	0.66	1.33	16.3	105.0	133.0	13.60	16.30	13.60
Germany	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Italy	1.00	0.54	1.16	13.8	87.5	116.0	11.60	13.80	11.60
Netherlands	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
Spain	1.00	0.16	0.34	4.1	26.7	34.0	4.10	26.70	4.10
Sweden	1.00	0.13	0.28	3.5	22.5	28.0	3.50	22.50	3.50
Switzerland	1.00	0.75	1.50	18.8	120.0	150.0	18.80	18.80	18.80
U.K.	1.00	0.63	1.30	16.0	102.5	130.0	13.40	16.00	13.40
U.S.	1.00	0.71	1.39	16.9	110.0	139.0	14.00	16.90	14.00

THE AMERICAS



Dollar Rises On Doubts About Japan

LONDON — The dollar strengthened against the yen Monday as currency traders registered doubts about a stimulus package for the Japanese economy, but the U.S. currency fell against the Deutsche mark on optimism about low inflation in Germany.

The dollar rose to 125.99 yen in London trading from 125.38 yen on Friday. It also rose to 1.4641 Swiss

FOREIGN EXCHANGE

francs from 1.4635 francs. But the dollar fell to 1.8219 Deutsche marks from 1.8231 DM on Friday and to 6.1065 French francs from 6.1103 francs. The pound was at \$1.6379, up from \$1.6360.

New York currency markets were closed Monday for a holiday.

A wide-ranging policy speech by Japan's prime minister, Ryutaro Hashimoto, gave currency traders pause with its vow to lift the economy from the doldrums.

"Investors are getting more nervous, and the market is becoming increasingly skeptical that the package is capable of doing enough" to bail out the Japanese economy, said Jeremy Hawkins, an economist at Bank of America.

Also on Monday, the president of the Bundesbank, Hans Tietmeyer, said inflation was under control in Germany and the economic slowdown in several Asian countries would help stifle price pressures in the next few months.

"Our policy of a steady hand has paid off," Mr. Tietmeyer said at the German central bank's regional branch in Berlin.

While there will be "some impact" on German economic growth from the turmoil in the Pacific Rim via slower exports and more intense competition on international markets, Mr. Tietmeyer said he did not expect a "fundamental change" in the growth process in Germany.

He said he hoped the slump in Asia would help offset the increase in value-added tax of one percentage point to 16 percent in April, which is expected to add to the inflation rate. (AFP, Bloomberg)

To Our Readers

All U.S. financial markets were closed Monday for Presidents' Day.

Diplomats Barred From Promoting Tobacco

By David E. Rosenbaum
New York Times Service

WASHINGTON — The State Department plans to send a directive to all U.S. diplomatic posts instructing officials not to promote U.S. tobacco products abroad. The policy is required by legislation that Congress approved last year.

Until now, American diplomats and trade officials had treated cigarettes and other tobacco products like any other legally traded goods. That meant that these officials worked to break down trade barriers imposed by other countries and encouraged exports of American tobacco.

From now on, according to the

directive, tobacco will be treated as a danger to health. The U.S. government will continue to oppose trade policies abroad that favor local tobacco products over those made in the United States, but it will support efforts in other countries to restrain smoking.

The directive will be sent Tuesday to all U.S. embassies and commercial offices abroad. The White House gave a copy of it to the New York Times.

"Given that tobacco use will be the leading global cause of premature death and preventable illness early in the 21st century," the directive states, "the U.S. government will not promote the sale or export of tobacco or tobacco products or

seek the reduction or removal by any foreign country of nondiscriminatory restrictions on the marketing of tobacco or tobacco products."

Diplomatic posts should not "challenge host country laws and regulations based on sound public health principles," the directive says, and should not help American companies and individuals market tobacco products overseas.

Lance Morgan, a spokesman for the tobacco companies, said he had not seen the directive and could not comment on it.

The administrations of former Presidents Ronald Reagan and George Bush worked closely with tobacco companies to introduce American cigarettes into other

markets and to fight anti-smoking measures abroad.

President Bill Clinton's administration promised a new approach but has not always followed it. In 1992, for instance, the government and the tobacco companies worked together against an effort by Thailand to require tobacco companies to disclose the ingredients in each brand of cigarettes.

In 1994, according to a report in The Washington Post, Alfred Moses, the ambassador to Romania, attended the opening of an R.J. Reynolds plant in Bucharest and declared, "I'm sure that Camel and the other splendid products of the R.J. Reynolds Co. will prosper in Romania."

Seita and Tabacalera Map Out a Global Drive

Compiled by Our Staff From Dispatches

PARIS — Seita SA of France and Tabacalera SA of Spain have agreed to jointly market cigarette brands overseas and seek acquisitions to offset declining consumption at home.

The French maker of Gauloises and Gitanes cigarettes and the Spanish maker of Montecristos are forming Global Tobacco, a partnership with global expansion through acquisitions, or marketing brands, as its main goal.

Under a five-year renewable deal, the companies are setting up a 50-50 joint venture with headquarters in France. The first president will be named by Tabacalera.

Both companies agreed in October to join to fight tougher competition from rivals such as Philip Morris Co. Tabacalera's near-monopoly on the Spanish market comes to an end this year when Spain sells its 52 percent stake.

"It's clear that Seita is strong in France, but

in a declining market," said Annie Bonal, an analyst at Credit Lyonnais Securities in Paris.

"They need to develop internationally."

Seita had sales of 17.40 billion French francs (\$2.84 billion) in 1996, while Tabacalera had sales of 13.97 billion francs in the same period.

Seita's shares fell 4.80 francs, or 1.9 percent, to close at 245 in Paris. Tabacalera shares were unchanged in Madrid at 13,450 pesetas (\$86.94).

Patrick Benoist will be the first chairman of Global Tobacco, which will be based in Paris, under a one-year rotating chairmanship. He was Tabacalera's international director.

Analysts have ruled out a possible merger of the two companies, given their decision to form Global Tobacco. They have cited Eastern European countries such as Bulgaria and Romania as places where acquisitions or alliances could be made.

Seita said the alliance could see forming

start-up companies to produce, sell or distribute products but that decisions would be made on a country-by-country basis.

Seita could benefit from Tabacalera's presence in North America, analysts said. Seita could sell its "cigarillos" in North America, where it has no presence and where cigar consumption is booming, according to the analysts. Tabacalera, the biggest cigar maker in the world, last week bought a major U.S. cigar distributor, Max Rohr Importers Inc., for \$53 million.

The French government sold shares in Seita in 1995 as part of a program of sales of state assets.

Tabacalera controls more than 60 percent of the Spanish tobacco market with its own brands. Distribution agreements with foreign tobacco makers give the company more than 90 percent of the market. (Bloomberg, Reuters)

EURO: French City's Test Run Has Folks Scratching Their Heads Over the Math

Continued from Page 11

he said and the mayor's office had been bombarded almost daily with deliveries of little calculators and cardboard math wheels that convert francs to euros and vice versa.

Many people interviewed here said they remembered the switch from "old" French francs to new ones in 1960. Then, converting was a relatively simple matter of multiplying by 100 because one new franc equaled 100 old francs.

The euro "will be even more complicated," said Ida Delbary, a white-haired woman chatting with a friend in front of the post office.

"At least the new and old ones

were all francs," she said. "The euro is like a foreign money. In francs, I can see what something is worth. The figures in euros don't mean anything."

Some merchants are less than enthusiastic, and many stores have only a few items marked with both prices.

At a lingerie boutique, for instance, a Christian Dior brassiere sells for 450 francs, or 69 euros, but most other unmentionables are priced only in francs.

But at the Casino grocery across the street from Miss Mertz's bakery, more than 250 items are double-priced.

Some stay on the shelves more

than a day and do not need to be changed often. But Cyril Auger writes up the double prices for about 70 fresh fruits and vegetables daily. It takes about 20 minutes.

"We're going to have the euro,"

the clerk said. "We've got to get used to it."

So, can he do the conversions in his head?

"No," Mr. Auger said. "6.5, that doesn't mean anything."

Mexico Economy Hit 16-Year High in '97

Reuters

MEXICO CITY — Mexico's economy grew 7 percent last year, the government said Monday, its strongest performance in 16 years as the country put the peso crisis further behind it.

Gross domestic product rose 6.7 percent in the fourth quarter, down

from 7.6 percent in the last quarter of 1996, but growth for the full year accelerated from 5.1 percent in 1996, the Finance Ministry said. GDP is the broadest measure of the nation's economy. Of the sectors making up GDP, industry was "the most dynamic" with production up 9.3 percent in 1997.

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WINE: Wall Street Spends Its Bonus Bundles on the Priciest Wines

Continued from Page 11

magnums and imperials going out to the main dining room, as opposed to private party rooms. That was directly bonus-related."

A chunk of the bonus money is finding its way into what Avra Jain, a partner in the Manhattan restaurant City Wine and Cigar, calls "lifestyle investment."

Thomas Matthews, a senior editor at the magazine Wine Spectator, said: "I think wine has taken over from the toys of the old days, like watches and cars. Wine shows you have money, but it also shows you have taste."

The city's restaurants and wine stores have been feeling the effects. Since early December, they have experienced a run on their top Bordeaux, red Burgundies and A-list California cabernets.

"We are having a hard time keeping in stock the big banker wines, the ones you order if you're out to impress," Ms. Immer said. "There is huge demand for big California cabernets like Opus One and any of the first-growth Bordeaux, and it seems not to matter what the vintage is. Price seems not to matter either."

Julian Niccolini, an owner of the Four Seasons, said, "Since the beginning of December, people have been drinking only really great wines. \$150 and up."

Ms. Immer has seen brisk activity in wines priced at \$250 to \$300. When he opened Patron, Ken Aretsky invested in older Burgundies and Bordeaux to dress up the restaurant's wine list and serve as conversation pieces.

"I thought we'd never sell any of it," Mr. Aretsky said. Who, after all, would order a \$10,000 bottle of 1900 Chateau Margaux? The last bottles from about three cases disappeared at Christmas.

Joseph DeLissio, wine director of River Cafe in Brooklyn, said the restaurant had sold more bottles of expensive wine in the past year than at any time in its

20-year history and that the surge had carried over into the traditionally slow months of January and February. Expensive, for Mr. DeLissio, starts at \$400.

"We've had customers come in and spend \$3,000 to \$4,000 on wine," he said. "They'll start with a Champagne, move to a great white Burgundy, then to a top Bordeaux and finish up with a Sauternes, Chateau d'Yquem."

But the rising demand for big-ticket wines is traumatizing sommeliers and

"I don't think Champagne is manly enough for these guys. They want the big stuff."

wine directors, who are scrambling to replace depleted vintages.

"Latour, Margaux, all my older ones are being depleted," moaned Jean-Luc Le Du, sommelier at Restaurant Daniel. Like colleagues all over town, he must replace his wines by buying at auction or seeking out secondary suppliers, at a much higher price. A 1983 Chateau Margaux that sold for \$180 last year, for example, now carries a price tag of \$645. But that doesn't seem to scare off the customers.

"I have sold some," Mr. Le Du said. The rush for the top end of the market has delighted wine merchants.

"This Christmas was record-setting for us," said Michael Aaron, chairman of Sherry-Lehmann, a Manhattan wine store. "Very, very expensive wines were flying out the door, and the trend is continuing into January and February."

Mr. Aaron recently offered several cases of 1989 Chateau Petrus at \$15,000 a case. They sold out in four weeks.

"Even with Bordeaux prices up, we sold 65 percent more classified growths than we did in 1991, and it would be

more if we could get enough," Mr. Aaron said. "This is my 40th year, and I've never seen anything like it."

In fact, Mr. Aaron said he was having trouble moving his more modestly priced wines. Classified growths come from the top chateaux, as determined by a French system created in 1855.

Wall Street gravitates toward what Chris Shipley, the wine director at the "21" Club, calls "trophy wines." He male taste puts emphasis on big red wines from big-name producers who command big prices.

Mr. Shipley watched a small private party last week consume five bottles of 1982 Cheval Blanc at \$1,975 a pop. It was a Wall Street evening.

Bordeaux rules. Wall Street's appetite for such first growths as Mouton-Rothschild, Lafite-Rothschild and Haut-Brion and star-quality second growths like Pichon-Lalande and Leoville-Las-Cases simply cannot be satisfied. After Bordeaux, Mr. DeLissio of River Cafe said, Wall Street likes (in descending order) red Burgundies, white Burgundies and California cabernets, with port and Spanish wines trailing the field.

Champagne, the traditional wine for celebrations, is fairly low on the Wall Street scale.

"I don't think Champagne is manly enough for these guys," said Alexis Gantier, wine director at City Wine and Cigar. "They want the big stuff."

Demand for the big stuff has also placed a premium on glamorous California cabernets like Opus One, Dominus, Caymus Special Selection and Ridge Monte Bello, to name a few.

Smith & Wollensky sold 1,100 bottles of Opus One in December alone, nearly \$200,000 worth of wine.

Taste preferences may have something to do with this, or then again, Opus One may simply be this year's drinkable Ferrari.

INTERNATIONAL FUTURES

Feb. 16, 1998

High	Low	Latest	Chge	Optm	High	Low	Latest	Chge	Optm	High	Low	Latest	Chge	Optm
Metals														
LONDON METALS (LME)														
Dollars per metric ton														
Aluminum	147 1/2	147 1/2	149 1/2	149 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2
Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
LONDON METALS (LME)														
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Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
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Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
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Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
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Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
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Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
LONDON METALS (LME)														
Dollars per metric ton														
Aluminum	147 1/2	147 1/2	149 1/2	149 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2
Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
LONDON METALS (LME)														
Dollars per metric ton														
Aluminum	147 1/2	147 1/2	149 1/2	149 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2
Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2
Platinum	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2	500 1/2
Silver	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Steel	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
LONDON METALS (LME)														
Dollars per metric ton														
Aluminum	147 1/2	147 1/2	149 1/2	149 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2	147 1/2
Copper	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2	115 1/2
Gold	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2	350 1/2
Nickel	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Palladium	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2	250 1/2				

Chunnel Trimmed Loss in '97

Compiled by Our Staff From European Sources

PARIS — Eurotunnel, the debt-laden operator of the Channel Tunnel, posted a narrower loss for 1997, citing an increase in passengers traveling by train and car.

Eurotunnel had a loss of £611 million (\$998.3 million) last year, compared with a loss of £685 million in 1996. The results were in line with analysts' expectations.

The loss would have been only about half that amount if the company's current debt-restructuring plan had been implemented in 1997, the company said at a news conference.

Patrick Ponsolle, the Eurotunnel chairman, said the company expected to be able to meet the operating-profit objective set out in the company's business plan last spring. But he called it a "demanding objective."

"We are reasonably confident of our capacity to achieve this objective," he said, promising to avoid characteristics attributed to Eurotunnel in the past such as "wishful thinking" or "arrogance."

Mr. Ponsolle also said continuing a price war with ferry companies on the English Channel route would be "suicidal" and said he favored introducing gradual price increases ahead of a possible European Union decision to scrap the sale of duty-free goods as of June 1999.

Eurotunnel said it had regained market share in 1997 despite operating below capacity after a fire in late 1996 hurt its freight business.

In 1997, passengers using the Eurostar train service rose to 6 million from 4.9 million in 1996. Tourist vehicles carried rose to 2.3 million from 2.1 million.

Eurotunnel units, consisting of one share in Eurotunnel SA and one in its British sister company, Eurotunnel PLC, closed Monday at 5.55 francs (\$1.07) in Paris, down 0.05. In London, the shares ended at 65 pence (\$1.06), up 2.

(AP, AFP, AFX, Reuters)

As Crisis Grows, Russia Cuts Rates

Compiled by Our Staff From European Sources

MOSCOW — The Bank of Russia said Monday it would cut key interest rates to 39 percent from 42 percent amid growing investor confidence that the government is repairing its finances and keeping the ruble strong.

The central bank said it would cut its Lombard and refinancing rates to 39 percent starting Tuesday. The refinancing rate is the rate that banks charge when lending among themselves, while the Lombard rate determines how much the central bank charges commercial banks for loans backed by securities.

The rate cut is the first since Oct. 6 and follows three rate increases in as many months.

The cut was "tied to positive changes in the Russian financial markets," said Leonid Nitko, a spokesman for the Bank of Russia.

The move came a day before President Boris Yeltsin's scheduled "state of the nation" address. Mr. Yeltsin is considered unlikely to announce radical economic measures

in his annual address to Parliament, but analysts say he is expected to stress a commitment to reform and budget discipline.

The International Monetary Fund will pay close attention to the speech, which coincides with a visit to Moscow by the IMF's managing director, Michel Camdessus.

An IMF team in Moscow this week is expected to recommend releasing the next installment in a

three-year, \$9.3 billion loan.

My expectation is that the market will interpret this as a bullish signal," said Robert Devane, head of the fixed-income division at the Moscow brokerage Troika Dialog.

"The market has been rallying for about two weeks," he said. "There is now talk the IMF will disburse the next tranche to Russia, plus the cen-

tral bank seems to be doing good job in the last few weeks." The bank's last rate change came Jan. 30, when it raised the Lombard rate to 42 percent from 36 percent and the refinancing rate to 42 percent from 28 percent.

Separately, officials said Russia's inflation this year may reach 10 percent, well above an earlier forecast of 5.7 percent, which could make it difficult for the government to meet its financial targets.

Last year's inflation rate was 11 percent, by far the lowest since free-market reforms began here in 1992.

The government, hoping for a further cut this year, had predicted a

rate of 5.7 percent. But that figure is now looking too optimistic, Mr. Petrov said.

He also said it would be difficult for the government to raise the additional 27 billion rubles (\$4.5 billion) in revenue that was added to its original budget plan.

(Bloomberg, Reuters, AP)

■ **IMF Praises Hungary**

The IMF said it had ended a standby loan agreement with Hungary because the country's economy was strong enough to stand on its own.

Reiers reported from Budapest. The Fund praised the revitalized economy, saying it may grow by 5 percent this year. But it warned that inflation, running at about 18 percent, was still too high and was holding back investment and the development of a mortgage market.

The IMF's resident representative in Hungary, Mark Allen, welcomed the country back to the ranks of those that can manage their economic and financial affairs without "exceptional external assistance."

■ **U.K. Brewer Set To Buy 311 Pubs**

LONDON — Scottish & Newcastle PLC, Britain's largest brewer, said Monday that it had agreed to buy 311 pubs from Nomura International's Grand Pub Co. for £206 million (\$337 million).

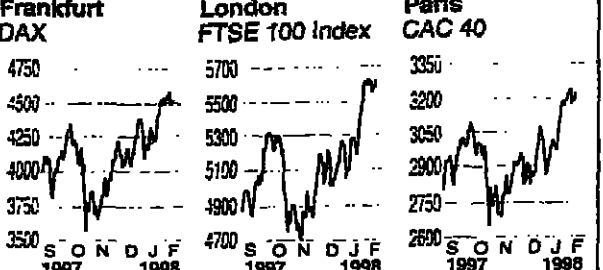
S&N said the move was a major step toward its strategic objective of "a predominantly branded managed pub estate."

The company said it believed the deal would be neutral for earnings in the first full year and enhance earnings after that.

It said the pubs to be acquired had been selected from the Grand Pub estate of some 4,300 tenanted pubs because of their suitability for conversion to Scottish & Newcastle brands such as Carlsberg, Rat & Parrot and John Barras.

At least 60 of the outlets will be converted within a year of acquisition, and S&N now plans to have some 2,350 managed pubs by April 2001 of which two-thirds will be branded, the company said in a statement.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	985.84	974.82	+1.15
Brussels	BEL-20	2,654.51	2,652.84	+0.06
Frankfurt	DAX	4,520.84	4,502.48	+0.40
Copenhagen	Stock Market		682.86	
Helsinki	HEX General	3,873.02	3,861.56	+0.30
Oslo	OBX	667.45	661.07	+0.97
London	FTSE 100	5,519.90	5,582.30	+0.67
Madrid	Stock Exchange	713.77	710.04	+0.53
Milan	MIBTEL	1965.96	1957.77	+0.40
Paris	CAC 40	3,225.12	3,187.73	+1.17
Stockholm	STX 16	3,528.62	3,506.81	+0.62
Vienna	ATX	1,340.83	1,336.94	+0.29
Zurich	SPI	4,284.53	4,280.20	+0.10

Source: Telekurs International Herald Tribune

Very briefly:

• **Deutz AG**, a German engines and plant-equipment maker, had a profit in 1997 after being saved from collapse by a bank bailout the previous year. The company posted preliminary net profit of 2.5 million Deutsche marks (\$1.4 million), after a loss of 87.9 million DM in 1996.

• **Suez Lyonnaise des Eaux SA** expects to post a 1997 profit in excess of 3.5 billion French francs (\$572.1 million) in its first annual earnings announcement since the utility was created through a merger.

• **France Telecom SA's** 1997 sales rose 3.6 percent, to 156.73 billion francs, because of a strong performance in mobile telecommunication, and despite price cuts.

• **Virgin Group Ltd.**, which operates two British rail lines, confirmed that it planned to purchase a fleet of "tilting" high-speed trains in a deal valued at £1 billion (\$1.6 billion) from a consortium of GEC Alsthom and Fiat SpA.

• **PacificCorp of the United States**, which has agreed to buy Energy Group PLC of Britain for £4.06 billion, said a possible rival bid from Texas Utilities Co. would have to exceed £4.34 billion.

• **Total SA** will raise its oil and natural-gas output 7 percent this year as it presses ahead with projects in Libya and Iran, where U.S. oil companies are forbidden from working.

• **Union Bank of Switzerland** said only half of the analysts, traders and salesmen in its London equities unit would have jobs in the investment bank created by its merger with Swiss Bank Corp.

• **Greece** will sell a 20 percent stake in its duty-free monopoly, Hellenic Duty Free Shops SA, to try to raise 2.4 billion drachmas (\$85.3 million) for the company.

• **Philips Electronics NV**, the world's third-largest maker of consumer electronic goods, plans to change its name to Royal Philips Electronics NV.

Reuters, Bloomberg, AFP

WORLD STOCK MARKETS

Monday, Feb. 16
Prices in local currencies

High	Low	Close	Prev.
Amsterdam	AEX index: 985.84		Prev.: 974.82
Brussels	BEL-20 index: 2,654.51		Prev.: 2,652.84
Frankfurt	DAX index: 4,520.84		Prev.: 4,502.48
London	FTSE 100 index: 5,519.90		Prev.: 5,582.30
Madrid	IBEX 35 index: 713.77		Prev.: 710.04
Milan	MIBTEL index: 1,965.96		Prev.: 1,957.77
Paris	CAC 40 index: 3,225.12		Prev.: 3,187.73
Stockholm	STX 16 index: 3,528.62		Prev.: 3,506.81
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ASIA/PACIFIC

Yielding to Asia Crisis, Vietnam Devalues Its Currency

By Joseph Kahn
New York Times Service

BANGKOK — Vietnam became the latest Southeast Asian country to devalue its currency Monday, as Asia's financial turmoil showed signs of pummeling even the most protected regional markets.

The Vietnamese central bank allowed the country's currency, the dong, to slip 5 percent, taking the dollar to a new controlled rate of 11,800 dong. The bank allows the dong to trade within a 10 percent band around the target rate, and the dollar rose to its ceiling of 12,980 dong, an all-time high.

The devaluation underscores the danger facing Vietnam, whose 74 million people make it the most populous Southeast Asian country after Indonesia. Relatively late to open to the outside world, Communist-run Vietnam never fully benefited from the region's economic boom.

But that has hardly isolated it from Asia's crash: Plunging foreign investment pledges and slackening exports show that the pain of the region's turmoil has already arrived on Hanoi's doorstep.

Allowing the protected dong to sink against the dollar is a sign that Vietnam has started to

worry that the crisis will have a greater impact on the country than they once hoped. Although the central bank permitted a small devaluation last fall, it has been reluctant to allow a big drop against the dollar.

A stronger currency has helped Vietnam import capital equipment it needs to modernize its factories and repay its heavy state bank debt at favorable prices.

Like China, Vietnam does not allow its currency to be traded freely on currency markets, so any devaluation is essentially a political decision. But markets played a role: Traders say that currency swap-market transactions, which had been running at as much as \$8 million a day, have shriveled to less than \$500,000 a day recently. Many companies have hoarded dollars or arranged trades on the black market, traders say.

"Vietnamese officials had been promising that they would hold the line," said an American executive in Hanoi. "I think the markets forced their hand."

He said many in the Vietnamese capital expected the new devaluation to be followed by further falls in the dong's value, especially if other currencies in the region remain at their new low levels against the dollar.

Vietnam once hoped tight restrictions on

foreign debt and its currency controls would inoculate it against the Asian contagion. But that now seems unlikely. Growth has already shown signs of sinking from a rate last year of 9 percent, and some economists expect growth this year of no more than 6 percent or 7 percent.

"Regional troubles present two clear threats to Vietnam," said Andrew Steer, Vietnam country director for the World Bank. "They face a loss of competitiveness and a decline in investment."

New foreign investment contracts dropped 40 percent last year, to \$5 billion. Furthermore, Vietnam relies on some of the East Asian countries most affected by the crisis, especially South Korea, Thailand and Malaysia, for two-thirds of its foreign investment, making a further slowing of pledges this year a good bet.

Pledges to invest reached almost \$9 billion in 1996, a sum that made Vietnam's small economy more dependent on foreigners for investment than any other in Asia.

The regional slowdown has also hit just as the early euphoria about Vietnam's opening has given way to realism. Foreign investors say they are swamped with red tape, changing regulations, inadequate legal protection and suspicion about their motives.

Among the disenchanted, Chrysler Corp. pulled out last year. Procter & Gamble Co.'s Vietnam unit has waged a heated battle against its state-controlled Vietnamese partner and now says it is on the verge of bankruptcy.

Complaints have grown so loud that Prime Minister Phan Van Khai held an unprecedented "town meeting" with 800 foreign investors last month, promising to speed up reform.

Regional turmoil has also undermined Vietnam's once-surgeing exports. The country sells two-thirds of its exports to its neighbors, where imports are contracting. Commodities such as rice and coffee face stiffer competition from Thailand and Indonesia.

Despite low wage rates, the dong's relative strength has largely eliminated Vietnam's advantage as a base for manufacturing labor-intensive goods. In January, exports totaled \$650 million, down from \$850 million in December. Foreign garment and shoe makers in Ho Chi Minh city laid off some 3,000 workers at the end of 1997, the official Vietnamese press reported.

The modest devaluation just made will not provide much export stimulus, Mr. Steer of the World Bank said, but it showed that the government took the Asia crisis seriously and was trying to improve the business environment.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
15500	2000	18000
14000	1800	17000
12500	1600	16000
11000	1400	15000
9500	1200	14000
8000	1000	13000
6500	800	12000
5000	600	11000
3500	400	10000
2000	200	9000
500	100	8000
0	0	7000
Exchange	Index	Monday Close
Hong Kong Hang Seng	1,481.55	1,582.68 -1.47
Singapore Straits Times	2,621.20	2,653.00 -1.20
Sydney All Ordinaries	16,775.52	16,791.01 -0.09
Tokyo Nikkei 225	661.94	685.50 -3.44
Kuala Lumpur Composite	484.06	498.97 -3.10
Bangkok SET	476.98	506.20 -5.77
Seoul Composite Index	8,708.29	8,708.46 +0.02
Taipei Stock Market Index	2,022.73	2,084.98 -3.45
Manila PSE	457.71	448.158 +2.13
Jakarta Composite Index	2,290.39	2,313.01 -0.98
Wellington NZSE-40	3,448.77	3,373.53 +2.26
Bombay Sensitive Index		

Source: Reuters

International Herald Tribune

In Japan, Banks Set Cost Cuts

'Big Bang' Prompts Move by LTCB and Fuji

Compiled by Our Staff From Dispatches

TOKYO — Long-Term Credit Bank of Japan Ltd. said Monday it would cut its staff by 20 percent and close half of its overseas bases in the next two years in a bid to cut costs by 25 percent.

"LTCB's ultimate goal is to structure itself to thrive in the new financial markets to be created by the 'Big Bang,'" the bank said, referring to the coming liberalization of Japan's financial industries. Japanese banks are pushing forward with restructuring plans as they write off billions of yen in bad loans.

Long-Term Credit, the second-biggest of Japan's three long-term credit banks, has been plagued by dwindling profits and a ballooning bad-debt problem — nonperforming loans totaled \$52.5 billion yen at the end of September. Last November, the bank said it would write off 500 billion yen in bad debt and post a loss of 320 billion yen for the year to March 31.

The bank said it would reduce the number of employees to 2,800 from 3,500 in two years and slash the number of directors to 6 from 28 beginning next month.

Long-Term Credit said it would move some of the employees while restructuring recruitment.

The bank will also close about half of its 40 overseas units in two years, it said.

Commercial banking operations in Europe and Asia will be consolidated into London, Hong Kong and Singapore offices, the bank said. LTCB also has operations in Paris, Frankfurt, Thailand and Jakarta.

The bank's securities units will be integrated into the network of its business partner, Swiss Bank Corp., resulting in the closing of London-based LTCB International, LTCB Switzerland and LTCB Latin America, the bank said. Long-Term Credit will also make performance-based pay a larger part of the salaries of management-level employees.

"Those measures will allow the bank to reduce costs by 23 billion yen by March 2000, it said.

A spokesman for Fuji Bank, Japan's sixth-largest lender measured by assets, said it had not yet decided which of its 12 U.S. and nine European branches or offices to cut. But the business daily Nihon Keizai Shimbun reported that the bank would transfer the administrative functions of its San Francisco, Atlanta and Houston branches to its New York office and eliminate up to 40 workers. Fuji Bank will also close two or three of its branches in Europe, the newspaper said.

The bank said last year it would concentrate administrative functions in Europe and the U.S. in a few locations as part of a plan to make its business more efficient worldwide.

Long-Term Credit's shares fell 16 yen, or 4.7 percent, to 322 yen. Fuji Bank shares fell 6 yen to 920 yen. (AFP, Bloomberg, Reuters)



Employees of South Korea's troubled merchant banks shouting slogans during a demonstration Monday in Seoul. The Finance Ministry has revoked the licenses of 10 ailing banks.

KOREA: Seoul Scrambles to Make 'Safety Net' for Jobless

Continued from Page 1

and retraining for those displaced by the economic crisis, the most serious here in nearly 50 years.

There are a few government benefits to help the jobless, but there is no comprehensive system. Some companies pay laid-off workers 50 percent of their salaries for as long as nine weeks. However, many of these companies had not expected the large number of layoffs they now face and have no funds to assist those workers. And for a large number of South Koreans who own small businesses, there is no fall-back at all.

Lee Won Ho, vice president of South Korea's Federation of Small Businesses, said that more than half of the 2.7 million small businesses here have fewer than five employees. Many of these companies do not have the means to help support their workers when they go bust. "So far, most of the pain here is emotional,

but soon, as family income runs out, the real pain will be felt," Mr. Lee said.

Roh Moo Hyun, a vice president of Kim Dae Jung's party and chairman of the legislature's Special Committee for the Prevention of Workers' Exploitation, said that despite its fiscal problems, the country "must strive to design the best unemployment package possible."

Mr. Roh said that "past governments didn't pay enough attention" to the social welfare safety net but that now the country has no choice.

One of the most discussed issues in the National Assembly these days is the need for the government to help parents pay tuition for schoolchildren. Indeed, some people feel this is more important than worrying about where they will sleep, a testimony to the enormous value South Koreans place on education.

In a culture in which workers expect to be employed by the same company for life and the jobless are

thought to be "losers," the emotional impact of being laid off or going bankrupt is tremendous.

Choi Dae Yeul, an official of the Federation of Korean Trade Unions, said that unions have fought hard against layoffs because of the suffering displaced workers endure. A union initiative in the coming months, he said, will be to urge that the owners of Korea's biggest companies personally finance monthly paychecks for their laid-off workers.

The chairman of the Samsung conglomerate announced recently that he would sell his personal property and empty some of this bank accounts to put tens of millions of dollars into a workers' welfare fund. Still, his offer was not seen as sufficient.

In the U.S., when you lose your job, it is different," Mr. Choi said. "There is a welfare system; it is not seen as shameful."

"We are trying to tell the IMF this: Korea is not a Western country."

Seoul Acts To Restrain Employers On Layoffs

Agence France-Presse

SEOUL — The government cracked down hard Monday on employers, issuing arrest warrants against 19 of them, in a warning shot against prevent abuse of new laws allowing mass layoffs.

Labor Minister Lee Ki Ho, speaking after the passage of laws over the weekend that ended the country's traditional practice of lifetime employment, warned of "harsh retaliation" against employers abusing the new laws.

His ministry followed up by seeking arrest warrants for 19 executives of 18 companies in the construction and travel industries and the manufacturing sector on grounds of delaying wage payments and forcing employees to relocate.

"They are currently refusing to comply with inquiries by the ministry," a ministry official told Yonhap press agency, adding that all 19 would be detained and questioned.

"Insensitive layoffs are feared to spread in the wake of passage of the law by the National Assembly," the official said.

"Our ministry will thoroughly investigate illegal labor practices and crack down through the law on those found to be committing them," he warned.

Passage of the layoff law, one of the conditions demanded by the International Monetary Fund for a \$60 billion loan-guarantee package in December, was almost derailed by threats of strikes by South Korea's powerful unions.

The law contains stringent conditions including advance notification of employees being laid off and full severance payments.

The Korean Confederation of Trade Unions, which says it has about 600,000 members, said last week that 100,000 of its members would walk off their jobs Friday in protest.

Although the organization called off that strike amid a lack of public support, it has warned that it remains opposed to the laws and could take "much stronger action" later in the year.

Two labor-related suicides have been reported in the past four days, one of a worker from Daewoo Group who burned himself Friday and another of a dismissed employee who hanged himself in the port city of Incheon over the weekend.

Transparent Derivatives

South Korean regulators will for the first time require companies to report their derivatives transactions, after banks conceded that they faced big losses on such contracts, Bloomberg News reported.

The Securities Supervisory Board said the new rules, which do not apply to current contracts, were aimed at making transactions based on derivative financial instruments "very transparent."

They come amid concern that a dispute between J.P. Morgan & Co. and several Korean companies about repayment on derivatives contracts may be just the first of many. One Seoul lawyer has said he is working on a number of similar cases involving companies that had losses on currency derivatives contracts signed with international banks.

Very briefly:

• Royal/Dutch Shell Group signed an agreement with China for the construction of a \$4.5 billion petrochemical plant in Guangdong Province. The agreement to build an ethylene plant in Nanhai is the largest single investment by a foreign company in China to date. The project has been under negotiation since the late 1980s.

• Mitsubishi Motors Corp. said it had developed next-generation gasoline direct-injection engines that could substantially cut environmentally harmful gas emissions and planned to install the engines in all its cars, including minivans, by 2010.

• Toshiba Corp. will stop producing 16-megabit dynamic random-access memory chips by April 1999, more than a year earlier than originally planned, because of tumbling prices.

• Malaysian inflation quickened in January, with consumer prices rising 3.4 percent last month from a year earlier, compared with a 2.9 percent increase shown a month earlier.

• Canon Inc.'s 1997 net profit rose 26 percent, to 118.81 billion yen (\$948.9 million), on strong sales of digital and copying machines. The company said profit should rise to 125 billion yen in 1998.

• Groupe Danone has cash reserves of 5 billion French francs (\$820.5 million) and is interested in acquisitions in Asia where assets are being sold cheaply, its chairman, Franck Riboud, said. "This is just what we have been waiting for," he said in an interview with La Tribune.

• Credit Suisse First Boston plans to buy the 75 percent of First Pacific Stockbrokers in Australia that it does not already own.

• Hopewell Holdings Ltd.'s chairman, Gordon Wu, said he would not privatize the company unless necessary. "Unless absolutely I have to, I will not," he said.

• A Thai poll conducted by the Rajabhat Institute said 47 percent of the 225 beggars it surveyed in Bangkok and its suburbs said their daily incomes had dropped by more than half from a year ago. (Bloomberg, Reuters, AFP, AP, AN)

3 More Join APEC Session

Agence France-Presse

PENANG, Malaysia — Russia, Vietnam and Peru joined the Asia-Pacific Economic Cooperation forum as official observers here Monday ahead of their full entry into the group in November, officials said.

President Boris Yeltsin of Russia is expected to take part in the group's summit meeting in November, as are Prime Minister Phan Van Kai of Vietnam and President Alberto Fujimori of Peru.

Russian, Vietnamese and Peruvian delegates took up their positions as observers as senior officials of the group opened the first of three meetings to prepare for this year's summit in Kuala Lumpur.

The 18 current APEC leaders agreed at their summit meeting in Vancouver in November to grant full membership to the three countries.

APEC includes Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

INDONESIA: IMF Face-Off

Continued from Page 1

But officials in Jakarta said restoring some of the lost value of the rupiah was essential to prevent many heavily indebted companies and banks that had lent too much from collapsing.

They said the IMF's economic austerity and reform program, which Mr. Suharto personally endorsed last month in exchange for emergency loans of as much as \$4.3 billion, had not helped to restore business confidence or stabilize the currency.

"Our priority is to bring the rupiah back to reasonable levels," said Ginandjar Kartasasmita, the national development planning minister, at a parliamentary hearing in Jakarta on Monday.

In Asian trading Monday, the dollar rose as high as 10,800 rupiah — compared to 2,500 rupiah in July — as news spread that the IMF's managing director, Michel Camdessus, had sent a letter to Mr. Suharto threatening to halt further payments of loan installments if the currency board system went ahead.

The dollar gave back some of the gains by the end of the day as it fell to a range of 9,000 to 9,700 rupiah. But it was still up sharply from its Friday close of 8,200.

In preparing legislation to establish the currency board, the Indonesian government is reported to be considering a peg of 5,000 to 6,000 against the dollar. Although such a level would help curb the cost of imported food and other items and would assist some companies to service their foreign debts, critics say it is an unrealistic target that could not be sustained for long.

Mr. Habibie, who is 61 and a longtime protégé of Mr. Suharto, emerged as the clear front-runner as vice president Monday after Harmoko, the speaker of Parliament who had also been backed for the post by the ruling Golkar party, announced that he was withdrawing his name to allow the party to unite behind the German-trained aeronautical engineer.

Indonesia's other two legal parties have also backed Mr. Habibie, while the powerful military has indicated that it will endorse him if he is chosen by Mr. Suharto.

Stanley Fischer, the IMF's first deputy managing director, last week implicitly criticized the candidacy of Mr. Habibie, while the IMF has also clipped Mr. Habibie's wings by insisting that there be no state funding of his pet projects, which include a venture to build a national jet plane at an estimated development cost of \$2 billion.

Mr. Habibie is associated with high-tech, high-expense projects like the national jet, which have drained fiscal resources," said Donald Hanna, co-director of Asian economic research in the Hong Kong office of Goldman, Sachs & Co.

Top 2 Pay-TV Companies in Thailand to Merge, Dwarfing Competition

By Thomas Crampton
International Herald Tribune

BANGKOK — Thailand's largest pay-television operators agreed Monday to merge, creating a new company that holds an effective monopoly of the nation's cable television industry.

The merger of International Broadcasting Corporation Public Co. and its former rival, UTV Cable Network Public Co., dwarfs the country's third cable operator and comes as broadcasters face soaring

costs for imported television programs with the fall of the baht.

The deal calls for IBC, a piece of the Shinawatra Group, to buy a stake of UTV, a Telecom Holding Co. subsidiary, Telecom Holding, in turn, will buy into IBC.

It is the highest profile corporate merger to take place since Thailand's economic crisis started in July.

"This is a defensive maneuver," said Soopakij Chearavanont, the chief executive of UTV, who will head the new company. "If we

merge now we can come out with a strategy and with tactics to stay in business through the hard times."

In the period since the crisis began in July, the plug was pulled on a satellite transponder for the country's third pay-TV operator, ThaiSky TV, when the company failed to pay its bill.

IBC executives said that the new company, as yet unnamed, will start with a subscriber base of about 300,000, with 60 percent coming from UTV and the remainder from IBC.

The new company will consolidate the purchasing of programs but keep two separate delivery technologies. UTV arrives in direct to home cable while IBC is beamed down from a satellite.

Boonklee Plangsi, group vice chairman of Shinawatra Group, would not say how many jobs might be lost as a result of the merger, but he did say reports that 900 jobs would be cut were exaggerated.

Government regulators have approved the deal in principle, saying the merger will allow for a doubling

up of resources in tough times, few or baht spent overseas in bidding competition between rival channels and increased investment in locally produced programming.

Orasa Khunawatt, director-general of the Mass Communication Organization of Thailand, said that the government approval was granted on condition that the operators increase the amount of local programming.

Thailand's cable companies have kept local content at about 10 percent of total broadcast time.

MOBILE COMMUNICATIONS: THE THIRD GENERATION

A REVOLUTION IN THE MAKING

Third-generation mobile systems are the basis for a truly wireless information society.

The idea of "any information, anywhere, anytime," is fast becoming a reality. Manufacturers and operators of mobile communications systems and services, along with new global and regional satellite companies, are moving rapidly to provide their subscribers with high-speed access to electronic mail, the Internet and full-motion video as well as to the circuit and packet switching systems, intranets, short messaging and paging services that can make business more efficient and competitive.

Both individuals and corporate users will be able to "roam" the globe, unhindered by the limitations of home networks, while the convergence of mobile and fixed-line telecommunications will help to reduce the cost of equipment and services and improve usage and coverage.

Two important international developments have helped to promote the introduction of wireless multimedia by the turn of the century: agreement by the European Telecommunications Standards Institute (ETSI) in January on a radio-interface standard for the third-generation system, known as Universal Mobile Telecommunications System (UMTS), and the expansion of existing second-generation systems through "smart," or "intelligent" networks (IN) that improve data transmission speeds and provide access to sophisticated software and customized services. Innovations in the design and manufacture of hand-held sets and terminals are also adding to usability and functionality, making it more likely that mobile phones will become the preferred way to access a range of multimedia services. These developments are geared to allow current GSM (Global System for Mobile Communications) systems to evolve toward UMTS.

Global vision

The vision of a common international strategy for the development of third-generation mobile systems has been developed over a three-year period by the GSM MoU Association and other key organizations. Just over a year ago, an open and independent organization, the UMTS Forum, was founded in Zurich, Switzerland by 56 leading manufacturers, operators, regulators and IT companies. This followed the designation in 1992 of the 2 MHz frequency bands that are to be used for the new systems and which will be implemented by the International Telecommunication Union within the International Mobile Telecommunications framework starting in the year 2000 (IMT-2000).

The UMTS Forum aims to combine personal communications with multimedia services and applications built on existing fixed and mobile infrastructures. Working with ETSI, the European Commission and the European Radiocommunication Office, as well as national regulatory bodies, the forum has welcomed the ETSI move, which establishes the UMTS Terrestrial Radio Access, or UTRA, standard for the radio interface in third-generation systems. "We are now taking parallel steps to bring UMTS into service" around the world, says the forum's vice chairman and treasurer, Chris Willey of Nokia.

Operators working with the existing GSM standard —



used by more than 66 million people — have also welcomed the ETSI agreement, which is designed to ensure a common radio interface for the provision of third-generation services for their 239 networks in Europe, North America, the Middle and Far East. Adriana Nugter, chairman of the GSM MoU Association, which represents the operators as well as regulators, said the association is now moving to ensure that standards for transmission of UTRA are coupled with measures to ensure open standards and open interfaces for the further evolution of GSM.

"We have the leverage to make open standards happen and we are setting the technical requirements," she says.

ETSI and the association have already worked together to promote Customized Applications for Mobile Enhanced Logic (CAMEL), a technology that combines IN with GSM. Several phases are envisaged, but the first, Release 97, should come out in March. It will provide packet switching and fast Internet access across the range of frequencies — 900, 1800 and 1900 MHz — used by GSM operators and will enable the transfer of data links of up to 64 kilobits per second. This is the first of many steps aimed at improving partnerships between GSM operators, which, along with the new technology, can also ensure that roaming subscribers have access to the same level of services as they do on their home networks.

Meanwhile, the installation of new low-and-medium-level satellite systems by international consortia such as Iridium, Globalstar and ICO will help to ensure that subscribers in rural and remote areas are not left out. Similarly, the development of advanced digital switching technology, like Lucent Technologies' 5ESS version, which has been hugely successful in the United States, is helping to integrate mobile systems using different standards across the globe and to promote convergence between mobile and fixed-line networks.

Pamela Ann Smith

LAUNCH OF A TRULY GLOBAL STANDARD

Industry leaders back landmark ETSI decision

The agreement reached by the European Telecommunications Standards Institute (ETSI) on January 23 on a new radio interface for third-generation mobile systems has been heralded by manufacturers, operators and regulators. It is especially welcome because it will allow a competitive migratory path from the Global System for Mobile Communications (GSM) standard developed in Europe to the next-generation Universal Mobile Telecommunications System (UMTS).

"We are pleased with ETSI's decision to back this optimal UMTS technology solution, which will facilitate an open global system," the president and CEO of Nokia, Jorma Ollila, says of the decision reached by the Institute's Special Mobile Group (SMG) in Paris. "It will be beneficial to equipment manufacturers, operators and end-users globally. UMTS ensures a secure migratory path for existing GSM operators as it is the most widely used and proven core network technology."

The UMTS Forum — which represents operators, manufacturers, regulators and other organizations from around the world and seeks to promote third-generation technology — was particularly pleased that operator requirements worldwide, including those of Japan and North America, played a significant role in the decision.

The agreement, notes the forum's chairman, Thomas Beijer, indicates that "the competing manufacturers have shown a constructive attitude in reaching a consensus and agreeing to a framework for the next phase of detailed standardization in a spirit of cooperation."

Adds Vice Chairman Chris Willey: "We would like to see other countries taking similar steps so we can go ahead with licensing and spectrum allocations, and not just in Europe." Adriana Nugter, chairman of the GSM MoU Association, which currently represents 256 GSM administrators, regulators and network operators around the globe, adds: "We are very happy with this agreement as it sets out a common working basis to define the UTRA standard and means that we can now move forward. We will continue to input our requirements into the ETSI standardization process."

Broad consensus

The agreement, which was initiated by the world's leading communications manufacturers, including Alcatel, Ericsson, Nokia, Siemens, Intel, Fujitsu, Sony, Matsushita, Mitsubishi Electric, NEC, Siemens, Motorola and Nortel, combines the advantages of two advanced technologies: wideband code-division multiple access (W-CDMA) and its time-division variant, TD-CDMA — in a new standard called UTRA (UMTS Terrestrial Radio Access). It will "support operation in a spectrum allocation as small as 2 x 5 MHz and should also be designed for broader spectrum allocation to satisfy the capacity and service requirements outlined by the UMTS Forum and the GSM MoU Association," ETSI officials say.

NTT DoCoMo, the leading Japanese cellular network operator, participated in the meeting and also welcomed the solution reached, as did a host of other leading mobile communications and equipment companies such as Cingular, France Telecom, CSEM/Pro Telecom, Deutsche Telekom, Mannesmann Mobilfunk, Samsung, Telia, T-Mobile, Telecom Finland, Cellnet, Vodafone, Telecom Italia Mobile (TIM), Analog Devices and Texas Instruments.

The road ahead

The next stage will involve the further refinement of the radio transmission details for UTRA, said the chairman of ETSI's SMG, Friedhelm Hillebrand, in mid-February during a trip to Japan to coordinate research and procedures with NTT DoCoMo, NEC and other Japanese companies with interests in third-generation systems.

ETSI must now "provide the specifications for services and resolve the network aspects," he noted, "especially in terms of the bridging and base station network." Current plans call for the work to be completed by the end of June.

ETSI's swift agreement on the UTRA standard, despite the conflicting interests of manufacturers, will help speed the arrival of the new third-generation systems, now due to be introduced by the year 2001 in Japan, 2002 in Europe and later in the United States. It marks a major advance in combining wireless systems and multimedia, not least because it will allow high-speed data transmissions at rates of up to 2 megabits of information per second. The second-generation GSM systems in use today allow a maximum transmission speed of 64 kilobits per second; in the next year, further enhancements are foreseen.

As a result of this move, European and Japanese companies will be firmly positioned to compete within the International Telecommunication Union's third-generation International Mobile Telecommunications 2000 (IMT-2000) framework, which defines a new radio interface in the 2 GHz band. End-users around the world will then be able to benefit from a consistent quality of service and coverage for voice, data, graphic and video-based information, independent of their own home access network.

P.A.S.

INTELLECTUAL PROPERTY RIGHTS

Mobile operators welcomed the agreement by the European Telecommunications Standards Institute (ETSI) setting the UTRA standard for third-generation mobile systems, but operators of the system most widely used today, the Global System for Mobile Communications (GSM), want further moves to ensure that they will be able to provide the most advanced services in a cost-effective way. While UTRA defines the preferred radio interface for transmission, the 256 members of the GSM MoU Association have emphasized that the radio interface should not be burdened with Intellectual Property Rights (IPR) constraints. This would also guarantee open interfaces for the evolved GSM platform. "It is our firm belief that this is an important condition to ensure the successful continuation of the GSM footprint," says the association's chairman, Adriana Nugter. At the ETSI meeting, it was decided to set up a pool of wireless communications manufacturers to discuss IPR — the patents and licenses that cover new developments in infrastructure and handset technology, software and services. This followed the launch of a survey by GSM MoU asking the manufacturers to outline their policies on ownership of IPR. "We feel very strongly that any GSM MoU endorsement of third-generation standards should be conditional on a satisfactory IPR situation," Ms. Nugter says. The aim of the survey is to ensure that IPR is provided in a fair, reasonable and non-discriminatory way. The chairman of ETSI's Special Mobile Group (SMG), Friedhelm Hillebrand, says: "I think everybody wants more assurances regarding IPR. Manufacturers 'can work together to pool their licensing rights,' resolve issues of cross-licensing and set up measures to compensate smaller research organizations that fear losing their proprietary rights in a system of open standards."

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GSM WORLD CONGRESS OPENS TODAY

"Innovating for National and Global Leadership" is the theme of the 12th annual GSM World Congress, which opens today in Cannes and runs through Feb. 19.

Organizers expect more than 3,000 delegates from 75 countries. More than 170 international speakers and panelists, including operators from 31 countries, will discuss technical issues and business strategy. An exhibition area will feature 130 companies and 18 interactive panels with 82 industry experts. Highlighting the conference will be an opening panel discussion involving some of the leading figures in mobile telephony: Kurt Hellström, president, Ericsson Radio Systems; Don Warkentin, president, Aerial Communications; Adriana Nugter, chairman, GSM MoU Association; Matti Alahuhta, president, Nokia Telecommunications; Matti Makkonen, executive vice president, mobile, Telecom Finland; and Vito Gambareale, CEO, Telecom Italia Mobile. Issues to be addressed over the course of the three days include marketing, cost control, data transmission, innovations in handsets and networks, emerging technology trends, integration and substitution with fixed line networks, and more. Two key topics will be the next generation of GSM and multimedia applications, both part of the larger issue of standards for GSM mobile telephony in the future. Although the conference will not set standards, it will provide a lively forum for discussion of the subject. The impact of the Internet is also a subject of formal presentations, and a new research report by Ovum, "Mobile Internet and Intranets," will be available free to all conference delegates.

GSM MoU Association on the Web: www.gsmworld.com
ETSI on the Web: www.etsi.fr
UMTS Forum on the Web: www.umts-forum.org

C.F.

MOBILE COMMUNICATIONS: THE THIRD GENERATION

TECH-SAVVY CONSUMERS WANT SMART PHONES

New handsets take on the mobile multimedia challenge.

At the beginning of mobile telephony, the selling point for a cellular phone was simply its mobility. Today, with more than 158 million cellular users worldwide, mobile operators must offer innovative services to distinguish themselves from their competitors and increase both customer loyalty and air-time usage.

Multimedia features—the addition of data, audio and video to voice communications—may be the “killer applications” that will accomplish these objectives.

Better connectivity for laptop and PDA users, as well as information services delivered right to the phone screen, represent the largest service growth potential for established networks,” says Petri Pöyhönen, vice president, wireless data systems, Nokia Telecommunications.

Being first to market with wireless data solutions will make it possible for an operator to sustain a significant competitive edge over later market entrants.

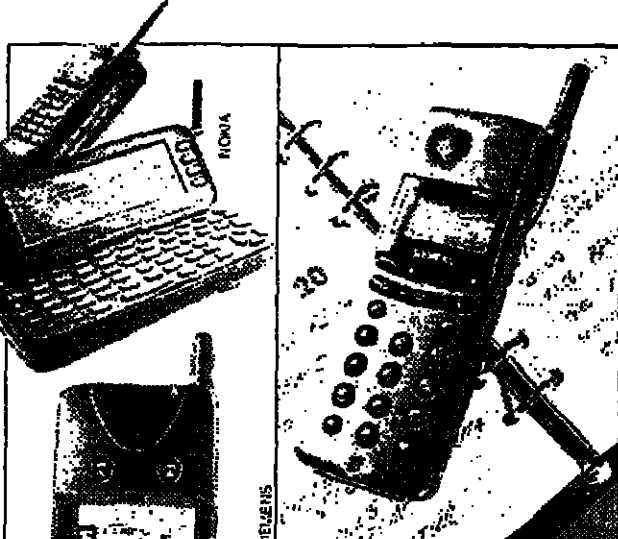
Today, industry analysts estimate that less than 5 percent of traffic over GSM (Global System for Mobile Communications) cellular phone lines is data. One reason was technological: in the past, GSM generally had a data rate limited to 9.6 kilobits per second (kbps), and multimedia applications are notoriously bandwidth-hungry. However, the European Telecommunications Standards Institute (ETSI) and GSM operators have addressed this problem by the development of General

Packet Radio Service (GPRS), which allows the transmission of data traffic at speeds of up to 64 kbps, a sufficient speed for sending and receiving e-mail and allowing access to the Internet.

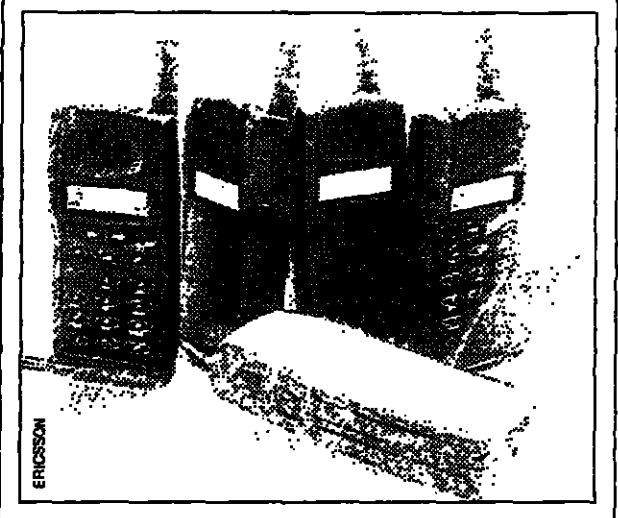
Another obstacle is practical: ease of use and functionality. Telephone keypads are too small to execute complex commands, and a tolerably sized telephone screen is not large enough for some multimedia displays.

A third stumbling block is the very speed with which the mobile data market is moving: what will the telephone of the year 2000 look like? Will the killer applications be delivered over a hyper-powered telephone, like the Alcatel One Touch Com, or a telephone-cum-computer, like the Nokia 9000i, which includes a GSM phone, short message service (SMS), e-mail, Internet access and personal organizer? Or will the combination of laptop or PDA (personal digital assistant) and a mobile phone be the most practical approach? Martin Illsley, director of technology vision and research for Andersen Consulting Europe, favors the latter solution. “The advantage is more modularity, plus you aren’t locked into a set of standardized solutions,” he says. “Already today I can browse the Internet and send and receive faxes and e-mail with my cellular and palmtop PDA.”

Mobile operators are keen to go beyond voice to such personalized services because that is where the profits are.



More than a telephone: Today's handsets include short message service (SMS), e-mail, Internet access and personal organizers.



THE SKY'S THE LIMIT FOR SATELLITE NETWORKS

Satellite services are coming to a mobile phone near you.

Information superhighways may be today's buzzword, but the supporters of satellite-based telecommunications systems know that it is already out of date now that the skies can provide unlimited transmission networks that are both global and universally accessible, especially when linked to small mobile hand-held phones as well as to computers and TVs.

Global Mobile Personal Communications by Satellite (GMPCS) promises to deliver the once-elusive concept of “any information, anywhere, anytime” and will play a key role in the new Universal Mobile Telecommunications System (UMTS). Industry analysts estimate that there are about 30 million potential customers around the world for the new satellite-based mobile telephone systems about to be marketed by a number of international consortia, including Iridium, launched by Motorola; ICO Global Communications, founded by Inmarsat; and Globalstar, led by Loral and Qualcomm.

This is due in large part to the fact that the new satellite systems will provide links to the 66 million people around the world who use the GSM (Global System for Mobile Communications) digital standard for mobile phones and to the hundreds of terrestrial networks operated by GSM members. Although existing satellite networks have been used primarily for the transmission of television signals and by international telecommunications organizations, as well as for military purposes, their positioning in geostationary orbits some 36,000 kilometers above the earth's surface has limited the number of users per unit area and kept costs relatively high. The newer satellite systems use medium-earth orbits (MEO) or low-earth orbits (LEO) with

flight paths 400 to 12,000 kilometers above the earth's surface. This allows each satellite to provide stronger signals with less time delay and less echo. Costs are lowered for both operators and end-users, who will also benefit from the ability to “roam” easily from one satellite footprint to another. And, in addition to current GSM roaming capabilities, satellite networks will allow GSM customers enhanced global roaming. The signals can also be received on much smaller receivers, such as mobile handsets and portable satellite telephones, eliminating the need for satellite dishes and extra decoding equipment. This will facilitate their use by personal subscribers, who will benefit from both up- and downlinks, making interactive, multimedia access from mobile phones a cost-effective reality.

Iridium is expected to be the first off the mark with the launch of its “constellation” of 66 LEO satellites spanning the globe. Services are due to be introduced later this year through five “gateways” that will combine Iridium's worldwide reach with land-based wireless systems. Australia gave Iridium a license for its spectrum last June and is now expected to be one of the five gateways as traffic builds up.

“When the service is up and running, Iridium will be able to provide a dial tone to every square inch on Earth, and each user will have a single number, a single bill and a single contract,” says the minister for communications and the arts in Canberra, Richard Alston. “These services,” he adds, “will allow all Australians, especially those in regional and rural areas, to maintain contact with the rest of the world using hand-held phones, irrespective of whether they're standing still in Alice Springs, skateboarding down St. Kilda pier or driving across the Nullarbor.” P.A.S.

INTELLIGENT NETWORKS: GETTING UP TO SPEED

IN and CAMEL provide fast data rates and customized services.

While voice messages dominate mobile communications today, future growth is expected to be dominated by rising data traffic, especially as the demand by end-users for multimedia services grows. This is creating pressure on operators to install “smart” or “intelligent” networks (IN) that can handle sophisticated technology, software and customized services. End-user demand for “roaming” while traveling away from home networks is adding to this pressure, as is the increasing move toward dual-band, rather than single-band, markets. GSM (Global System for Mobile Communications) operators, who are expected to have some 100 million subscribers around the world by the end of this year, began combining their efforts to add the benefits of IN to their networks in the mid-1990s. Last February, they produced their first set of pan-European standards, known as CAMEL (Customized Applications for Mobile Enhanced Logic).

The latest agreement on CAMEL, Release 97, is due to be announced in March, says Friedhelm Hillebrand, chairman of the Special Mobile Group (SMG) at the European Telecommunications Standards Institute (ETSI). It will feature General Packet Radio Service (GPRS) and allow efficient and fast Internet access across the widely used GSM 900 and DCS-1800 frequencies, as well as the GSM 1900 frequency in the United States.

“The main work ahead is to refine and further elevate GSM,” adds Mr. Hillebrand, noting that discussions on Release 98 have already begun.

Says Ahm Lewis, a corporate communications representative for Nortel: “IN technology plays a vital part in creating and delivering services across mixed environments, particularly in evolving services that will help fixed and mobile operators differentiate themselves and compete against others in the marketplace.”

Eric Tholome, Nortel's Paris-based specialist in IN and CAMEL, who has helped develop the Canadian company's Service Builder system, says it includes “the entire IN solution”—service control, management, an environment to create new services and a tool to provision service orders. In addition, it provides for intelligent peripherals that can “interact with the end-user,” enabling operators to provide enhancements such as voice recognition and noise recording.

CAMEL, Mr. Tholome says, “allows the IN platform to retrieve the subscribers' status and location at any time.” GSM operators can also bridge the gap between IN and short messaging to provide sponsored calls directed at specific market segments, such as

teenagers who can be charged lower fees for calls in return for listening to advertiser promotions. “We are making this available now to all our GSM IN customers,” he adds.

“If you look at the development of smart phones, the key is not just the terminal, but the services you can provide,” says Steve Bell, director of global products for Motorola of the United States, the world's largest manufacturer of mobile telephone equipment. “We're beginning to forge relationships with people who develop services. That's a key issue for development.” He adds: “Like the Internet, you get a rapid explosion as soon as these services develop.”

As a result, IN's emphasis is changing from technology to the market, says Barry Flanagan, a consultant for London-based consultants Ovum. The market for three key IN services—freephone, premium rate calls and virtual private networks (VPN) will grow to over \$33 billion a year by 2003, Ovum estimates.

“Revenue from usage of IN services by mobile customers will also grow rapidly,” says Mr. Flanagan. “By 2003, it will be approaching the level of residential customers.”

In Ovum's view, mobile operators, like fixed-line operators, can benefit from “the rapid roll-out of services, a degree of vendor independence and low-cost service implementation” through an increasing application of IN.

In addition, they will benefit from easier mobility management, reduced fraud, interoperability with fixed networks, the delivery of enhanced services to roaming subscribers and the development of location-based services, whose features are determined by the location of the mobile subscriber.

Significantly, however, Mr. Flanagan notes that the successful extension of IN to mobile operators will depend on the provision of open interface products that allow operators to “interwork between the products” offered by vendors, the provision of low-cost IN options—such as service nodes, leasing and/or revenue sharing—by equipment and software providers and infrastructure manufacturers and suppliers, and by the development of partnerships with other equipment suppliers, so that the partners can capitalize on each other's expertise and client base.

As the deployment of IN- and CAMEL-based services accelerates, the rapid evolution of standards will be essential if IN is not to be overtaken by alternative technologies. Release 98 will need to take this into account, moving from expensive, proprietary platforms to more open, flexible platforms such as those used in the computing industry, Ovum concludes.

The perfect package.



NOKIA 6110

It's the smallest Nokia mobile phone ever made - and it has the large five-line display that makes a Nokia so easy to use. It weighs just 137 grams - and it stands by reliably for up to 450 hours with the Extended Battery. And just for fun, there are three games. • It's everything you want in a cellular phone, plus a few extras you didn't expect. The Nokia 6110 is the perfect package.

NOKIA
CONNECTING PEOPLE

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PROGRAM DIRECTOR: Bill Mahler.



WORLD ROUNDUP

Glasgow Rangers Hires Dutch Coach

SOCCER The nine-time defending Scottish champions, Glasgow Rangers, named Dick Advocaat on Monday to replace Walter Smith as the team's head coach beginning July 1.

Advocaat, 50, now coaches PSV Eindhoven of the Dutch league and is a former Dutch national coach. He is in his fourth season at PSV, and is under contract to the club until the end of next season. But a clause allows him to leave early.

Advocaat led the Dutch national team to the quarterfinals of the World Cup in the United States in 1994. (AP)

Mahmood Lifts Pakistan

CRICKET Azhar Mahmood hammered a career-best 136 to prop Pakistan to 329 in the first cricket test against South Africa on Monday in Johannesburg.

The visitors were bowled out 35 runs adrift of South Africa's 364. Bad light stopped play before South Africa could resume its second innings on the third day, despite the use of floodlights.

Mahmood, the 22-year-old all-rounder from Rawalpindi, scored his second century against South Africa and led a batting recovery with Moin Khan, who made 46 runs. Mahmood and Khan shared 107 runs for the sixth wicket as Pakistan recovered from a top-order collapse that had them struggling on 112 for five. (AP)

Caray Remains Critical

BASEBALL The Hall of Fame baseball broadcaster Harry Caray, 78, remained in critical but stable condition Monday after collapsing during a Valentine's Day dinner with his wife.

Officials at Eisenhower Medical Center in Rancho Mirage, California, would not release further details about Caray's condition at the request of his family, a hospital spokesman, Jim Ellis, said.

Caray's son-in-law, Coley Newell, said Sunday that Caray was still unconscious but breathing on his own. "The feeling amongst the family is that there's no grave concern yet," he said. "Anybody that knows Harry knows how tough he is." (AP)

Giants to Release Brown

FOOTBALL Four months after losing his starting job, Dave Brown has lost everything with the New York Giants.

The Giants told Brown to start looking for work on Sunday, less than 24 hours after signing a free-agent quarterback and former Giant, Keat Graham, to a reported three-year contract.

Brown, who never lived up to the expectations the Giants had when they drafted him in 1992 using a supplemental first-round draft pick, was not immediately available for comment.

His future with the Giants had been in doubt since last season ended. He had been the team's starting quarterback from 1994 until being replaced by Danny Kanell after the third game of this past season.

New York failed to make the playoffs in Brown's three years as a starter. After Kanell took over, New York got hot and made the playoffs for the first time since 1993. (AP)

Bryce Paup reportedly became the NFL's second-highest-paid linebacker, signing a \$21.8 million, five-year contract with the Jacksonville Jaguars.

Paup, the 1995 NFL defensive player of the year with Buffalo, was expected to be in Jacksonville on Monday to announce the deal, the Florida Times-Union reported.

He will make an average of \$4.3 million a season, putting him behind only San Diego's Junior Seaman among NFL linebackers. He will receive a \$6 million signing bonus and base salaries of \$2.5 million, \$2.85 million, \$3.45 million, \$3.9 million and \$4.5 million, the Times-Union reported. (AP)

Barkley the Abstinent

After Pledge to Quit Drinking, He Sinks Lakers

The Associated Press

Charles Barkley hit a 20-foot jumper with 3.6 seconds left to lift the Houston Rockets to a 90-88 victory over the Los Angeles Lakers.

Before the game, Barkley had told a U.S. television audience that he intended to quit drinking alcohol. "I've got to stop drinking," he said. "I drink way too much and it has been affecting my game."

In elaborating on his drinking problem after the game Sunday, in which he scored 26 points, Barkley said he was wearing his body down and not being

and made sure I didn't hurt them," Drexler said.

Heat 116, Raptors 95 In Toronto, Alonzo Mourning scored 31 points as Miami rolled over the Raptors, who dressed an NBA minimum eight players for the game.

The Raptors were without Gary Trent, Alvin Williams and Kenny Anderson, all acquired Friday in a trade with Portland. Anderson has not yet reported to his new team while Trent and Williams did not complete their physical exams by game time.

Voshon Lenard scored 13 of his 25 points in the third quarter when the Heat pulled away. John Wallace led Toronto with 27 points, while Doug Christie and Tracy McGrady each added 17.

NBA Roundup

Timberwolves 108, Mavericks 99 In Minneapolis, Stephen Marbury scored nine of his 23 points in overtime, and two reserves, Sam Mitchell and Tony Porter, led a charge that saw Minnesota's bench players outscore the Dallas reserves, 48-23.

Mitchell had a season-high 25 points, while Porter had 17 points, eight rebounds and nine assists.

Michael Finley scored 31 points to lead the Mavericks, who fell to 3-23 on the road after snapping a 22-game road losing streak Friday night at Indiana.

Bulls 99, Pistons 90 In Chicago, Toni Kukoc, a surprise starter after Dennis Rodman missed practice, scored 22 points and the Bulls withstood the late 3-point shooting of Lindsey Hunter.

Hunter had five 3-pointers and 19 points in the fourth quarter, helping Detroit close to 74-70 and 95-90 before the Pistons lost for the 18th time in their last 19 games against the Bulls.

Michael Jordan added 21 points and had 12 rebounds, while Scottie Pippen had 20 points for the Bulls.

Golden State 101, Boston 87 In Oakland, Donyell Marshall scored a season-high 30 points and grabbed 13 rebounds as Golden State ended its 11-game home losing streak.

Antoine Walker's 26 points and 12 rebounds led Boston.

Knicks 102, Cavaliers 91 In New York, Allan Houston scored 22 of his season-high 34 points in the third quarter for New York.

Shawn Kemp had 30 points and 17 rebounds for the Cavs, who were out-rebounded 45-38 despite the absence of New York's Charles Oakley, who served a suspension for flagrant fouls.

Kings 88, Wizards 86 In Sacramento, Mitch Richmond's jumper with 91 seconds left boosted the Kings to victory. Corliss Williamson scored 24 points and Mahmoud Abdul-Rauf had 10 for the Kings.

Tracy Murray scored 29 points and Strickland had 20 points and 10 assists for Washington, who played without Chris Webber and Juwan Howard, injured forwards.

Trail Blazers 117, Nuggets 82 In Portland, Isaiah Rider scored 31 points to lead the Trail Blazers, who played without new additions Damon Stoudamire, Walt Williams and Carlos Rogers.

The six-player trade with Toronto was held up until results of the physical exams taken by Alvin Williams and Gary Trent were received by the Raptors.

Portland's Jermaine O'Neal had a career-high 21 points and nine rebounds in his first NBA start. Johnny Newman led Denver with 21 points.

consistent. He said he was not pressured by teammates or coaches, and that now when he went out to bars, he usually drank soda. "I owe the people I work for an honest effort," he said.

He gave them one Sunday. And so did a sick Matt Bullard and a persistent Clyde Drexler.

After a dreadful shooting performance, Drexler made a critical three-point play in the final four minutes and Bullard scored nine of his 11 points from behind the 3-point arc.

Hakeem Olajuwon added 13 points and 11 rebounds for the Rockets, who won for the fourth time in their last six visits to the Great Western Forum and avoided a four-game season sweep by the Lakers.

Shaquille O'Neal, Rick Fox and Kobe Bryant each scored 18 points for the Lakers, who fell three games behind their division rival Seattle in the race for the NBA's best record. The loss was their first in 18 games this season against Midwest Division teams.

Drexler, who missed his first nine shots from the field and finished 2-for-16, put the Rockets ahead 84-82 when he drove the left baseline for a layup and was fouled for his three-point play with three minutes left.

"They played great defense all day



Charles Barkley of the Rockets, center, trying to drive past Shaquille O'Neal of the Lakers, right.



Agassi firing to Sampras: "I feel I'm strong, and I'm reacting to the ball."

Titanic Soccer Struggle

Mexico Downs U.S., 1-0, in Gold Cup Final

By Grahame L. Jones
Los Angeles Times Service

LOS ANGELES — Those lights in the sky near the Coliseum were not fireworks. They were the distress signals sent up by a sinking ship.

Just a minute or so before half-time in the Gold Cup final between the United States and Mexico on Sunday night, the U.S. team hit its iceberg.

A defender, Alexi Lalas, lost track of the ball. A Mexican forward, Javier Lozano, nipped in and stole it, then swung a pass out to Salvador Camarero on the right wing.

Camarero didn't hesitate. He crossed the ball immediately into the goal area. Luis Hernandez sprinted in on Lalas's blind side and powered a header into the back of the U.S. net.

Just like that, it was 1-0. Just like that, Mexico retained the trophy it won in 1996. Just like that, most of the 91,255 in the Coliseum and the overflow of 6,941 watching on closed circuit at the adjacent Sports Arena leaped to their feet in delight.

Playing in Los Angeles is not a home game for the United States national team, as the American players quickly found out. And it wasn't only the sea of red, white and green flags that were the giveaway.

As they walked into the tunnel after Mexico had been presented its trophy and medals by the FIFA president, Joao Havelange, the U.S. players were pelted with debris and cups of what might have

been water, beer or worse. It was an ugly sight, but one that the U.S. coach, Steve Sampson, and his players have come to expect in Los Angeles. Here, it is Hernandez, whose goal was his fourth of the tournament, and his teammates who are the heroes.

Lalas, in the relative calm of the Coliseum tunnel after the game, admitted that he was to blame for the goal.

"I lost the ball and I didn't pick up Hernandez coming through the box," he said in a subdued tone. "He came from the blind side. I take full responsibility, not only for losing the ball but also for not picking him up."

The loss ended the U.S. team's unbeaten streak at nine and its winning streak at six. For Mexico's coach, Manuel Lapuerta, it also helped erase a loss to the United States in the same stadium in the semifinals of the 1991 Gold Cup.

Juventus Beats Sampdoria, 3-0

The Italian strikers Alessandro Del Piero and Filippo Inzaghi scored a goal apiece as Juventus beat Sampdoria, 3-0, on Sunday night to re-establish their four-point lead at the top of Serie A over Inter Milan who earlier thrashed Lecce 5-0. Reuters reported from Rome.

Del Piero opened the scoring for Juventus after just five minutes, bursting in to the penalty area on the right and beating goalkeeper Fabrizio Ferron with a fierce right foot shot for his 15th league goal of the season.

Earnhardt Finally Snags an Elusive Prize on Daytona Speedway

By Angus Phillips
New York Times Service

DAYTONA BEACH, Florida — You could almost feel 185,000 fans hold their breath at Daytona International Speedway as Dale Earnhardt and his snakebit, coal-black No. 3 Chevrolet went around and around in a roaring blur, chasing the one great prize that in a storied racing career he had never managed to catch: the Daytona 500.

Storm clouds rumbled in as the son of a stock-car driver from Kannapolis, North Carolina, ticked off the last of the 200 laps with just five to go to the winner's circle. He had been there many times before, but something always had come up to snatch away victory in stock car racing's premier event. What cruel twist awaited? Tornado? Lightning strike?

Suddenly, two cars were spinning on the back straightaway, the yellow caution flag was coming out and Earnhardt, in front of the mayhem for once, was able to hold off a furious charge from behind by Bobby Labonte to claim the trophy that had eluded him for 19 years.

Then he was spinning his car in giddy circles through the infield grass and he was smacking the paws of hundreds of rival pit crew workers who seemed as pleased as he was.

So ended an era at the 40th running of the Daytona 500 on Sunday, on the 50th birthday of the National Association for Stock Car Auto Racing, as Earnhardt, the sport's biggest money winner of all time, closed the book on a 59-race Winston Cup losing streak — the worst of his career — and a 19-year Daytona 500 losing streak by taking the season opener with a dominating performance that earned him \$1.06 million.

"We cried a little on that lap coming in to get that checkered flag," he said. "It was pretty awesome. All the race teams were giving me high-fives. It was amazing how good it felt."

And then he was on Victory Lane, crowing: "The Daytona 500 is ours! We've won it! We've won it! We've won it!"

"I was driving the mirror more than the windshield," said the 46-year-old, alluding to the fact he led 107 of the 200 laps and spent most of the day looking back and holding off rivals.

"We've got one heck of a race car and we're going to win a championship this year," he said, referring to the Winston Cup for the overall season.

It would be his eighth season title if he succeeds over the next nine months, which would make him the all-time Winston Cup champion over Richard Petty, the now retired king of stock car racing, with whom he stands tied with seven season titles.

But season titles are only part of the picture. They are decided by drivers' finishes over the course of 33 races contested at tracks from coast to coast.

But the Daytona 500 is, and always has been, the premier event of the NASCAR year. Earnhardt's inability to win it left a huge hole in his resumé.

His gaffes in the streak were memorable. In 1986 he ran out of gas while leading with three laps to go; in 1990 he shredded a tire while leading with less than a mile to go; in 1991 he smacked into a seagull on the back straightaway, got back near the front despite the damage but crashed again with two laps to go; in 1993 he led with a lap to go but was passed by Dale Jarrett; last year he stood

second with 11 laps to go but crashed while battling for the lead and wound up skidding past the grandstand upside-down.

The failures were doubly mystifying considering Earnhardt's many other successes on Daytona's 2.5-mile (4-kilometer), steep-banked track. He has made it to the winner's circle 30 times in lesser races here, including nine straight victories in one of the Twin 125 races that establish starting positions for the Daytona 500.

On Thursday, he led his Twin 125 here from start to finish to take a spot in the second row of the starting grid Sunday.

Was this the culmination of his career? "Hell, no," said Earnhardt. "Another championship is what's going to make it complete."

And with that he was off to a round of parties he has waited 20 years to attend. Race officials warned him they would get him up early for breakfast gathering at Daytona USA, the racing museum next to the track where his car will be enshrined for the next year.

"You won't have to wake me," Earnhardt said. "I ain't going to bed."

SCOREBOARD

BASEBALL

LEAGUE	W	L	Pct	GB
EASTERN DIVISION				
Atlanta	32	18	.640	—
Baltimore	28	22	.560	4
Boston	28	22	.560	4
Chicago	28	22	.560	4
Cleveland	28	22	.560	4
Detroit	28	22	.560	4
Philadelphia	28	22	.560	4
Pittsburgh	28	22	.560	4
St. Louis	28	22	.560	4
Toronto	28	22	.560	4
CENTRAL DIVISION				
Minnesota	32	18	.640	—
St. Louis	28	22	.560	4
Chicago	28	22	.560	4
Cleveland	28	22	.560	4
Detroit	28	22	.560	4
Philadelphia	28	22	.560	4
Pittsburgh	28	22	.560	4
St. Louis	28	22	.560	4
Toronto	28	22	.560	4
NATIONAL DIVISION				
Los Angeles	32	18	.640	—
San Diego	28	22	.560	4
San Francisco	28	22	.560	4
Seattle	28	22	.560	4
St. Louis	28	22	.560	4
Toronto	28	22	.560	4
Philadelphia	28	22	.560	4
Pittsburgh	28	22	.560	4
St. Louis	28	22	.560	4
Toronto	28	22	.560	4

FOOTBALL

LEAGUE	W	L	T	Pct	GB
AFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10
NFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10

SOCCER

LEAGUE	W	L	T	Pct	GB
AFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10
NFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
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CRICKET

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AFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
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NFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10

TENNIS

LEAGUE	W	L	T	Pct	GB
AFC					
Atlanta	10	4	0	.714	—
Baltimore	9	5	0	.643	1
Boston	8	6	0	.571	2
Chicago	7	7	0	.500	3
Cleveland	6	8	0	.429	4
Denver	5	9	0	.357	5
Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10
NFC					
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Baltimore	9	5	0	.643	1
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Cleveland	6	8	0	.429	4
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Indianapolis	4	10	0	.286	6
Kansas City	3	11	0	.214	7
Los Angeles	2	12	0	.143	8
Minnesota	1	13	0	.071	9
New England	0	14	0	.000	10

Humbling A
ake on 'Don
Goalie Is the M
and Canada F

THE MENACE
PEANUT
CARTE
BEETLE
SEES YOU
BE A
TOUR
BLONDIE
ON THE
CASH

WINTER OLYMPICS

Stumbling Americans Take on 'Dominator'

Czech Goalie Is the Man to Avoid; Russia and Canada Face Weak Foes

By Joe Lapointe
New York Times Service

NAGANO, Japan — A few days ago, when the Americans were still among the gold-medal favorites in the men's hockey tournament, Ron Wilson, the U.S. coach, discussed the biggest incentive for winning in the preliminary round. A good record might get you an easier opponent in the quarterfinals, Wilson said, and you won't have to worry about goalie Dominik Hasek of the Czech Republic eliminating you with a 60-save performance.

Wilson's team didn't play very well in the round-robin, which ended Monday with a 4-1 loss to Canada, leaving

MEN'S ICE HOCKEY

the Americans with one humble victory and two discouraging defeats. As their reward, they play in the quarterfinals Wednesday against Hasek and the Czechs. And Hasek says he is ready for them — except for his headgear.

"My helmet is broken completely," said Hasek, the most valuable player in the National Hockey League last season. "I hope I can get a new one."

It was damaged by a Valeri Kamensky slap shot in Monday's game, a 2-1 victory for Russia. A piece of its blue plastic landed on the ice as play continued.

Kamensky's shot didn't get past Hasek, but two others did, 10 seconds apart, early in the third period. The defeat left the Czechs with a 2-1 record, but Hasek kept his optimism as they prepared for the United States.

"Team U.S.A. is a better team than Belarus," Hasek said, damping the Americans with faint praise. "But I don't think the U.S. team is more talented than the Russian team. I believe we can beat the U.S. team."

This doesn't make Hasek unique. Sweden beat the Americans in the first game by 4-2.

The U.S. needed two late goals to pull away from Belarus by 5-2. Against Canada, they couldn't score on a five-on-three power play that lasted for 100 seconds.

Wilson and his players talked afterward about how much they improved against Canada. But they will probably have to improve even more to get past the Czechs on Wednesday and play the Canada-Kazakhstan winner in the semi-final Friday night.

In the other quarter-finals, undefeated Russia will play winless Belarus in a former Soviet match and Sweden, 2-1, plays Finland, 1-2, in the Scandinavian bracket.

The way this tournament is going, with all its NHL stars, it is likely that Canada could play the Czechs in one semi-final while Russia plays Sweden in the other. A Canada-Russia gold-medal game is a growing possibility.

The Russians are missing some stars who are refusing to participate. Even so, they seem to be getting better each game. And they have that family feeling that is obvious by the long post-game gatherings alongside their bus next to Big Bear arena. Wives and girlfriends, wearing full-length minks, greet the players there, with their agents and fans. The chatter, in two languages, is about

social dining for the evening.

Darius Kasparaitis, a Lithuanian who plays defense for Russia, signed one of his Pittsburgh Penguins jerseys for a Japanese girl who swooned at the sight of his puck-pocked face. Then he explained the Russians' motivation.

"People say Russia is no good any more," he said. "They say the Russians have no team and they have no heart. We have hearts. We have skills. And we have pride. We are a team."

No doubt the Americans are a proud team, too, but they are playing the way the Russians did in the World Cup of 1996, when the U.S. triumphed and Russia went home disappointed.

At first, the American confidence came across as cockiness. Now, it sounds like wishful thinking.

Jeremy Roenick, one of their better players Monday, said "We have a tremendously talented hockey team" and "I think we're coming together" but "I don't think we are at the point we want to be."

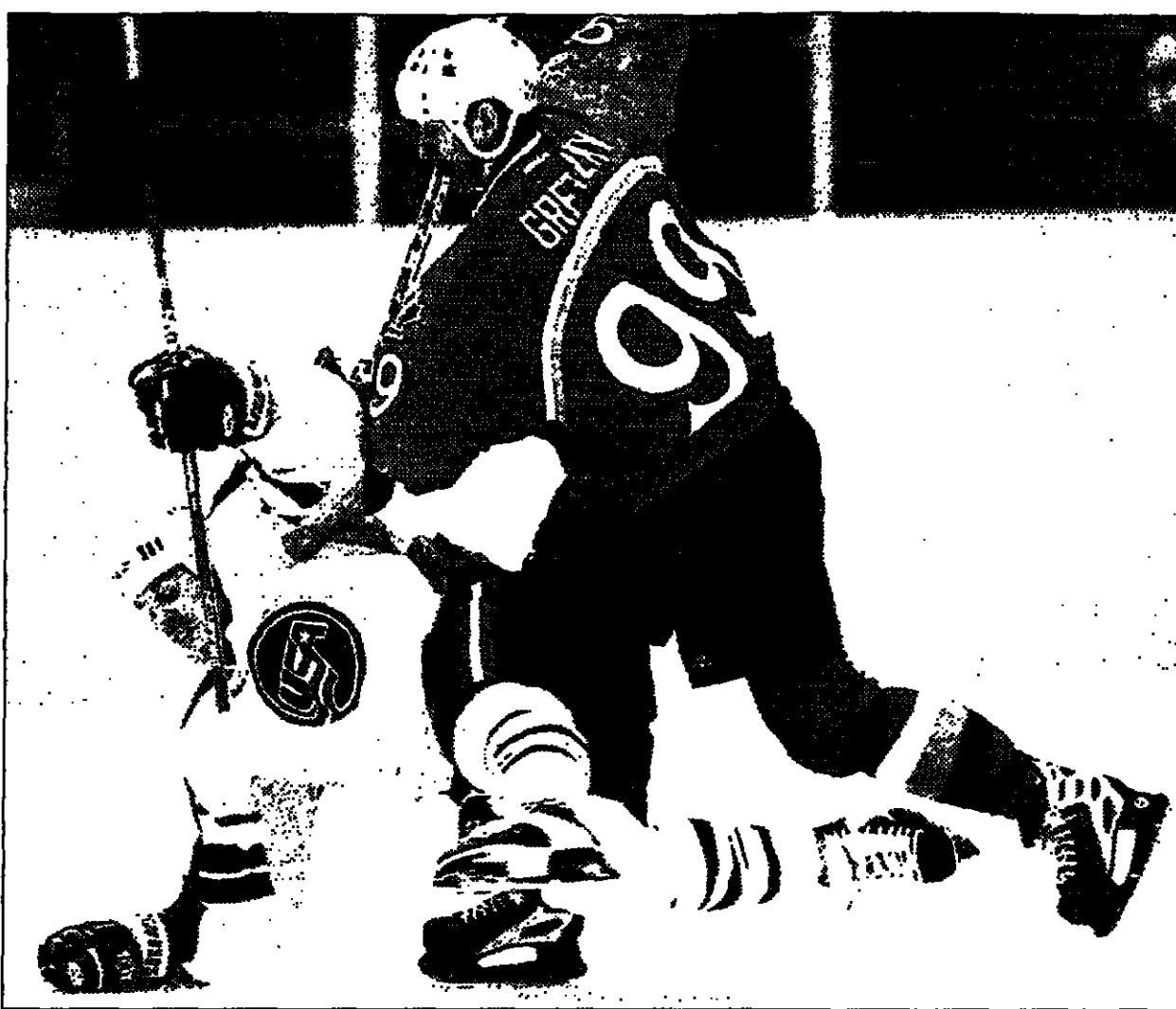
"We'd better do it quick," he added. "It's elimination time."

Chris Chelios, the captain, said, "I don't think we were overconfident. I think we felt the pressure with the high expectations of ourselves and we expected everything to go so perfectly and it hasn't. So, now, we've got to be in there worried. Scared. Play with confidence and play a great game."

Easier said than done. Brett Hull, who scored the only American goal Monday against Canada's Patrick Roy, said responsibility may be a problem.

"I don't think the concern is the goals we are not scoring," Hull said. "It's the ones we are letting in. We are working hard from the red line in and we are not working at all from the red line back. We forwards have got to make a commitment."

"You can't stay out there a minute on that big ice, going up and down," he



Wayne Gretzky, 99, of Canada indulging in a little skulduggery as he flipped Doug Weight of the United States.

continued. "You are just too tired to get back on defense when the time comes. Three games in row we've had bad line changes cause goals against. And that's just selfishness."

In Monday's game, Keith Primeau scored two goals for Canada, and Roy stopped 30 of 31 shots. Hull spoiled Roy's shutout with 5:56 remaining with a rising wrist shot. Rob Zamuner and Joe Sakic scored Canada's other goals. Primeau's first was while shorthanded.

"I don't think I can remember anything more exhilarating," said Primeau, a center with the Carolina Hurricanes. "I think we did real well today. We kept our composure."

The momentum swung to Canada's favor late in the first period, after the Canadians killed off a two-man American power play when two minor penalties against Canada overlapped by one minute and 40 seconds.

In this span, the U.S. players took 10 shots on or at Roy's net.

One of them, by Hull, hit the goal post. But none went in. Just 14 seconds after the second penalty expired, Zamuner scored after Wayne Gretzky set him up with a pass. The score was only 1-0, but the game, as it turned out, was decided.

"I could tell the U.S. team was trying to feed Brett Hull," Roy said, of the

American attack during the two-man power play. "My focus was on him. He was trying to go high."

When asked if an Olympic gold medal would mean as much as his two Stanley Cups, Roy said: "I would not trade my Stanley Cups for a gold medal, that's for sure. But I'd love to add a gold medal to my career."

A European journalist asked him what he says when he talks to himself behind his mask while guarding his net. "Nothing special," Roy said.

Someone from Canada asked if he talks to himself in French or English.

"Today, maybe Japanese," Roy said.

Samuelsson Is Forced Off The Swedish Hockey Team

The Associated Press

NAGANO, Japan — Sweden will lose the defenseman Ulf Samuelsson for the rest of the men's hockey tournament because of a citizenship problem, but will not have to forfeit its two victories, the International Ice Hockey Federation ruled Tuesday.

Samuelsson has valid passports from Sweden and the United States, and under Swedish law that means he is not a Swedish citizen, said Paolo Ianieri, a federation spokesman.

As a result, the federation declared Samuelsson ineligible to play for Sweden in the tournament. But the organization said Sweden could keep its points and play Finland in the quarterfinals Wednesday as scheduled.

If Sweden had been required to forfeit its two victories, it would have dropped from second place to fourth in its pool and would have faced unbeaten Russia instead of Finland.

The United States would have moved up from third to second place and would have faced Finland.

Ianieri said he did not know how the question of Samuelsson's citizenship was brought to the federation's attention.

Samuelsson plays for the New York Rangers of the National Hockey League.

"Samuelsson probably has a U.S. passport," said Bo Tovland, vice president of the Swedish Ice Hockey Federation. "As I see it, that is because you otherwise need to apply for a green card, a work permit, every year. But you don't need that if you carry a U.S. passport."

Samuelsson's "only statement is that he has two passports," Leif Ensjö, a spokesman for the Swedish hockey team, said before the federation's decision was announced.

"He has no idea that he has changed nationality."

After Women's Hockey Final, 'It's Over' Until Next Olympics

By Rachel Alexander
Washington Post Service

NAGANO, Japan — Of all people, Cammi Granato knows what the gold medal game Tuesday between the U.S. and Canadian women's ice hockey teams means.

She has seen the faces of little girls pressed up against the glass when she practices; she has seen her brother Tony, an NHL player, drop everything so he can be here to support her.

"This is an opportunity for all of us," she said. "This our chance to show the world, all different types of people, that women can play hockey."

But Granato is also keenly aware of what the first Olympic gold medal awarded in her sport does not mean, at least not yet. She said she thinks women's ice hockey has a long way to go before it can become professionally viable.

There have been rumblings of a professional league coming out of New Hampshire for a month, but players in Nagano have downplayed the possibility. Instead, they see their Olympic ex-

perience as an opportunity to grow the game at the grass-roots level.

There is a lot of work to do. The majority of high schools in the United States do not have a men's hockey team, much less a women's squad. In 1990-1991, there were only 149 women's

WOMEN'S ICE HOCKEY

teams at three levels — an average of fewer than three teams a state, according to USA Hockey. That number had grown to 910 women's teams last season.

In Canada, there are more opportunities for girls and for women, although few believe the country could support a professional league. Many of Canada's elite women play in the amateur Central Ontario Women's Hockey League, but the talent pool is so shallow that when the national team began touring last year, three of the six teams dissolved because they didn't have the players, said John MacKinnon, a spokesman for Canada Hockey.

Angela Ruggiero, an American team player and a native of California, said:

"There are a lot of places where there is nowhere for a girl to play. You just have to play on the boys' teams. When I first started there were hardly any teams at all, but then Wayne Gretzky came to Los Angeles, and the rinks came."

And while the men's Olympic hockey tournament is being billed as a "dream tournament" because the talent is so spread out it is impossible to call any one squad a "dream team," the women's tournament has held much less competitive games. The United States and Canada have crushed the four other teams here by a combined score of 61-19.

Still, when the United States and Canada play each other, sparks fly, and the game becomes as exciting as any NHL contest. In 14 meetings in the last 18 months, the teams have skated to a 7-7 draw, with the latest salvo being fired by the United States on Saturday.

In that game, the final contest of the tournament's round-robin play, the Americans scored six goals in the game's last nine minutes for a 7-4 victory.

"We've had so many good games with Canada, and not just the ones we've won," said Ben Smith, the U.S. coach. "You just hope Tuesday's game is going to be as good, because it's probably going to be the largest audience we've ever played in front of."

A lot of people have already been watching as women's hockey has emerged as one of the Nagano Games' most hip, appealing sports. Tickets to the women's gold medal game are some of the hardest to get, and players keep hearing from their families about their sudden popularity in North America.

In Karyn Bye's hometown of River Falls, Wis., many of the store windows have signs wishing her good luck. The U.S. forward is getting about 40 e-mails a day from fans, and 20 or so from personal friends.

"I wish I could be two people: one here and one back home to get a feel for how big this is," she said. "People are saying women's ice hockey is the talk of the Olympics."

With the historical game looming, players are feeling a high like no other

women in their sport have before, and they believe this Olympics has prompted a major change in the way women's ice hockey is perceived. But somewhere in the backs of their minds, they know that once the medals are won and the cheers die down, they have a long way to go.

"For us, it's like you work, you work, the whole team travels together for a year, and then it's over," said Granato, one of only two women hockey players who have seriously explored options in the National Hockey League.

Granato has spoken to the New York Islanders about a tryout next year, and the Canadian goaltender, Manon Rheault, once played in the Tampa Bay Lightning organization. But as a goaltender, Rheault was not subject to checking. Granato, who weighs 140 pounds (63 kilograms), fears she would not be able to fight off NHL opponents 50 pounds heavier.

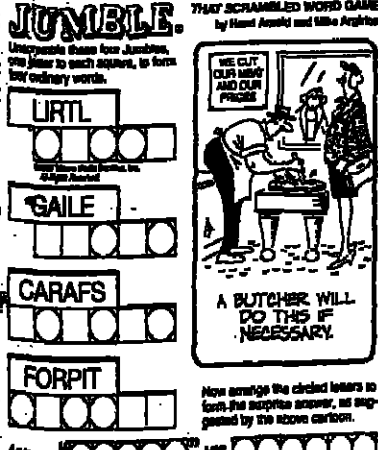
"With us, not only do you have an offseason, but there's nowhere for you to go next year if you're out of college," she said. "We realize that after this, it's over until the next Olympics."

DENNIS THE MENACE



Now I've got an idea, and I think I can pull it off. I'll sit out here till she finds it!

THAT SCRAMBLED WORD GAME by David Karp and Mike Phillips



Answers: LIFT, SALE, CARAFS, FORPIT

How arrange the letters to form the words? (Answers are on page 18)

Answers: LIFT, SALE, CARAFS, FORPIT

Answers: LIFT, SALE, CARAFS, FORPIT

Answers: LIFT, SALE, CARAFS, FORPIT

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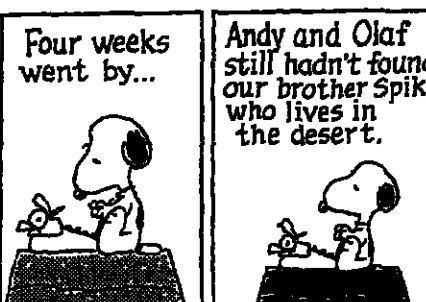
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Answers: LIFT, SALE, CARAFS, FORPIT

PEANUTS



Four weeks went by... Andy and Olaf still hadn't found our brother Spike who lives in the desert.

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THAT'S GREAT... WHERE ARE WE?

CALVIN AND HOBBES



OK, LOOK. WE'VE GOT TO DO THIS JUMB PROJECT TOGETHER SO WE MIGHT AS WELL GET IT OVER WITH. WHAT ARE WE SUPPOSED TO BE DOING?

NEEDN'T YOU EVEN PAYING ATTENTION? WHAT WOULD YOU DO IF I WASTED HERE GOES TO ASK? YOU FLUNK AND BE SENT BACK TO KINDERGARTEN. THAT'S WHAT!

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WIZARD OF ID



WE CAUGHT THIS MAN BREAKING INTO A PEANUT VENDING MACHINE!

AREN'T YOU THE GUY WHO BREAKS INTO GUMBALL MACHINES?

AREN'T YOU THE GUY WHO BREAKS INTO GUMBALL MACHINES?

AREN'T YOU THE GUY WHO BREAKS INTO GUMBALL MACHINES?

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AREN'T YOU THE GUY WHO BREAKS INTO GUMBALL MACHINES?

Sweden's Pernilla Wiberg and Florence Masnada of France Join the German on Podium

This was a day for the Europeans to assert themselves just when it seemed the Nagano Games were turning into

ALPINE KING

MAIER: Austrian 'Herminator' Recovers From Fall to Take Gold

Continued from Page 1

Monday, fog delayed the race for approximately 40 minutes. "It was beginning to get on my nerves," Maier said.

Terminator' Recovers From

Seizinger roared down the mountain, leaving the rest of the field behind and order on the women's slopes restored.

From Fall to Take Gold

Tommy Moe, an American who finished eighth, one spot behind his teammate Daron Rahivles. "He's like a machine. You can see when he's inspecting. He's just so crazy-eyed. He's a wild man. He looks like he's a barbarian who just got

Monday, the barbarian went past the gate instead of crashing through it.



Jansen still lives in Milwaukee, where he grew up and learned to skate. Robin and Jane live in North Carolina.

The Jansens were divorced about a year ago.

SPEND \$KATING

While Niemann-Stirnemann, who finished second, couldn't top the mark, the former world record holder, Catriona LeMay-Doan of Canada, couldn't crack the top 10. She started too fast and faded to 13th. Another favorite, Austria's Emese Hunyady, paired with LeMay-Doan, finished fourth.

Timmer won the 1997 world championships in the 1,000 meters, making her a strong favorite Thursday. "Now, I have a really good feeling about the 1,000," she said. "And I go for it, too."

Cross-Country Skiing

Women skiers starting the 20-kilometer relay race in Hakuba on Monday. Russia won the gold. Norway finished second and Italy was third.

Russia finished in 55:13.5, 24.5

Colette Brand of Switzerland flipping into the aerial freestyle final.

Several Are Injured in Crash Landings

and finished 1-4-11, two spots out of contention. Cooper took a terrible crash on her second jump. She failed to complete her twist, landed heavily on her side and slammed her head against the hard-packed snow. She eventually walked off under her own



A collage of newspaper clippings from the Los Angeles Times, dated August 1968. The clippings are arranged in a vertical strip, showing various articles and tables related to the 1968 Summer Olympics. Key elements include:

- Top Clipping:** A headline "Olympic Roundup" with a sub-headline "Basketball Gets Support". The text discusses the support for basketball at the Olympics, mentioning the American Basketball Association (ABA) and the National Basketball Association (NBA).
- Second Clipping:** A headline "Basketball Cap Furor" discussing the controversy over the wearing of caps during basketball games.
- Third Clipping:** A large headline "Kopinski and K..." (likely Kasper) with a sub-headline "Kopinski and Kasper". The text discusses the performance of these athletes.
- Fourth Clipping:** A large headline "Olympic Scoreboard" with a sub-headline "Medals". Below the headline is a table showing the medal standings for various countries.
- Fifth Clipping:** A headline "Jockeying" with a sub-headline "Jockeying for Position". The text discusses the competition for positions in various sports.

The clippings are presented in a way that shows the layout and typography of the original newspaper pages, including headlines, sub-headlines, and body text.

WINTER OLYMPICS

Grishuk and Platov Dominate To Take 2d Ice-Dancing Gold

By Jere Longman
New York Times Service

NAGANO, Japan — The lights went out in the middle of Monday night's competition, years after the credibility of ice dancing had gone dark.

The losers complained that the judging was as artificial as Pasha Grishuk's hair color. But she and her partner, Yevgeny Platov, provide much of whatever legitimacy still exists in the sport.

Skating an emotional performance to "Memorial," music written in memory of the deadly Heysel soccer stadium riot in Belgium in 1985, Grishuk and Platov of Russia became the first ice dancers to repeat as Olympic champions since the sport was introduced into the Winter Games in 1976.

They have won 22 consecutive competitions since taking their first gold medal at the 1994 Winter Games in Lillehammer, Norway. And they have labored to bring speed, risk and athleticism to an event that is often dismissed as predetermined, abusive of the rules and lacking even the rudiments of dance.

Even though the audience at White Ring arena reacted with diffident applause, Grishuk and Platov deservedly won the gold medal over Anjelika Krylova and Oleg Ovsyannikov of Russia and Marina Anissina and Gwendal Peizerat of France. Grishuk and Platov received two perfect marks of 6.0 for presentation in the free dance, which counted for 50 percent of the score.

If Grishuk's crying at the end appeared theatrical — perhaps she was

auditioning for an erstwhile acting career — her performance was full of legitimate passion. As usual, she and Platov were faster than the others and more ambitious. She moved fluidly between his legs in a spread-eagle glide down the ice and he showed impressive strength by balancing her on an extended leg.

"We wanted to make it really difficult, make it go in a different direction," said the 25-year-old Grishuk, a peroxide blonde. "We did everything perfect. We couldn't have done any better."

They are coached by Tatiana Tarasova, who also coached Ilya Kulik to the men's gold medal. This is the first time anyone has coached a singles skater and ice dancers to gold medals in the same Winter Games. The disciplines could not be more dissimilar: singles skating is full of triple jumps, while ice dancing does not permit jumping.

Russians have now won the men's, pairs and ice-dancing competitions at the Nagano Games. While many predicted figure-skating chaos once the Soviet Union splintered, skaters from Russia and Ukraine have won 10 of the 11 available Olympic gold medals since 1992. Only Kristi Yamaguchi of the United States, the women's winner in 1992, has interrupted this domination.

Like dozens of former Soviet skaters, Grishuk and Platov have moved with Russian coaches to the United States, where ice conditions are better and financial opportunities are more plentiful. They train in Massachusetts, while Krylova and Ovsyannikov train in Delaware.

Krylova and Ovsyannikov are so

striking that they consume the ice, but they played Monday night's performance of "Carmen" way over the top. She seemed to be projecting to the 75th row in an arena that contained only 30 rows.

A thirty-minute delay was caused when someone accidentally hit a light switch. Later, Anissina and Peizerat skated an arresting routine as Romeo and Juliet but they spent the first 30 seconds of their performance standing still.

Shae-Lynn Bourne and Victor Kraatz of Canada engaged the crowd with their routine, but they became overwhelmed by the energy of their music and remained fourth.

Aside from Grishuk and Platov, the most intriguing performers were Elizabeth Punsalan and Jerod Swallow of the United States. They skated a sexy tango but did not budge from seventh place.

In fact, the first nine couples remained the same from the compulsory dances through Monday's free skate.

"It is not a sport," said Natalia Dubova, the coach of Bourne and Kraatz. "Something has to change."

Dubova, a native of Russia who now lives in Lake Placid, New York, formerly coached Grishuk and Platov. Noting that they now had twice the number of gold medals as did the revolutionary 1984 champions Jayne Torvill and Christopher Dean, Dubova said she was not impressed by the innovation of the current champions.

"Because ice dancing is a type of art, they should do something to improve the sport," Dubova said.



Anjelika Krylova and Oleg Ovsyannikov skating to a silver medal on Monday.

OLYMPIC ROUNDUP

Osaka Gets Support

China will not bid for the 2008 Summer Olympics, but will instead support a bid by Osaka, Japan, a Japanese official has said.

Kazuya Kasahara, the Japanese Olympic Committee general secretary, said China's sports minister, Wu Shaoyu, conveyed China's intention to Hironoshin Furuhashi, the IOC president, in Nagano last week.

"Judging from all circumstances, China will in no way stand as a candidate for the 2008 Olympics," Kasahara said. (AP)

That's Why It's So Slow!

The Nagano Olympic website took 316 million hits in the first seven days of competition. Japanese, Americans, Canadians and Australians are the most avid Olympic cybersurfers. There were 187 million hits for the whole of the Atlanta Games in 1996, where the system was dogged by errors.

More than 70,000 fans have e-mailed athletes: the most popular are the U.S. men's ice hockey and Jamaican bobsled teams. (AP)

Baseball Cap Furor

Japanese officials have apologized over a display of bad manners by Tae Satoya, the gold medalist in the women's free-style skiing. She failed to remove a baseball cap during the flag-raising ceremony. Her gaffe brought a flood of complaints to the Japan Olympic Committee.

"We, as the people responsible for the team, deeply regret this matter and offer our apologies," Yushiro Yagi, head of Japan's delegation, said Monday. (AP)

Lipinski and Kwan: Personalities as Distinct as Their Skating

NAGANO, Japan — If they awarded a gold medal for having fun at the Winter Olympics, Tara Lipinski would be the hands-down winner.

She has waited for this moment since she was a 2-year-old, watching the 1984 Summer Games on television, standing on a Tupperware container and pretending the national anthem was being played for her.

Now, at 15, she really is a gold-medal contender and she is soaking up the experience like a sponge.

She has marched in the opening ceremonies, lived in the Olympic Village, done her nails at the Amway beauty counter, posed with a sumo wrestler, stood for pictures with Mongolian cross-country skiers, cheered on her training partner, Todd Eldredge, in the men's figure-skating competition, played virtual-reality games and hung out in the Village sewing room fashioning Olympic patches alongside German speedskaters and Bulgarian snowboarders.

"I'm so glad I did it," Lipinski said. "I wouldn't want to come to this competition and stay in a hotel. I'm so glad I got to meet all the other athletes and have fun, rather than just skate. If you don't do well, you don't want that to be your only experience."

The women's figure-skating competition begins Wednesday with the short

Vantage Point/JERE LONGMAN

program. Lipinski, the reigning world champion, and her teammate Michelle Kwan, the 1996 world champion and current national champion, are clearly the favorites. They are both bright, personable teenagers with aspirations for gold medals and Ivy League educations. Yet their approaches to these Winter Games have been as different as their skating styles.

Kwan, 17, and another teammate, Nicole Bobek, are the only two American athletes not staying in the Olympic Village. Kwan is staying at a local hotel with her parents. She skipped the opening ceremonies to remain in Lake Arrowhead, California, and get treatment for a stress fracture in her left foot. She has not attended any Olympic competitions, preferring instead to eat in sushi restaurants, shop, watch movies on videotape and e-mail her sister and brother back in the United States. She has spent some free time at the Village, particularly on the virtual-reality snowboarding game.

"I like staying with my mom and dad. I feel really comfortable," Kwan said. "I think I've had the full Olympic experience."

Missing the opening ceremonies was "a little disappointing," Kwan said, adding that "I've got to focus on my own thing and do what's good for me."

It is impossible to say whether one approach is better than the other. Both have skated superbly in practice. Lipinski seems much more ebullient than she did a month ago at the national championships in Philadelphia, when she avoided the media except at formal news conferences and her parents showed grim-faced disappointment at her second-place finish.

Kwan, meanwhile, is following the same social routine that earned her 15 of a possible 18 perfect marks of 6 for artistry at the national championships. "In Philadelphia, we didn't visit the Liberty Bell," said Sheryl Goldberg, Kwan's agent. "The most important thing for her at the Olympics is to skate her best. That's her dream. If that was your only Olympic experience, it wouldn't be a terrible one to have."

Lipinski has been rooming with another 15-year-old, the ice dancer Jessica Joseph, who trains with her at the Detroit Skating Club. They have spent considerable time in the village computer room, known as the Surf Shack, where Lipinski has her own home page. They have checked each other's bangs and makeup before every photo opportunity.

"We have bang check, lipstick check, everything check," Joseph said. Joseph has also been phoning the

Detroit Skating Club to catch up on rink gossip. "I can't miss that," Joseph said. "If I do, my life is over."

Lipinski was spotted eating alone once and was invited to join the United States women's hockey team. She wanted to meet Eric Lindros, the hockey star, but she made the mistake of approaching the American team instead of the Canadians.

"He plays for the Philadelphia Flyers, so I thought he was an American," Lipinski said.

At 4-foot-10 (1.46 meters) and 82 pounds (37 kilograms), Lipinski is the smallest American Olympian. But she and Kwan are the two most visible stars at these Games. Even their practices have been broadcast live.

"In the Village, people just come up and tap her on the shoulder and say, 'Photo,'" Joseph said.

ON Tuesday night, Lipinski will stay at a hotel with her parents. There is some concern about whether she should remain in the Village because numerous athletes have contracted a flu-like illness. Tanja Szewczenko, the German champion, withdrew Sunday after being unable to train for a week.

"The good thing is, Tara's already had the flu; it knocked her out for a week after nationals," said her agent, Mike Burg.

The other concern about Lipinski is whether she will be affected by her

friend Eldredge's meltdown in the men's free skate. On Monday, in practice, she struggled with her short program, falling on a triple flip and struggling with her lutz. Both Eldredge and Richard Callaghan, who coaches both skaters, have spoken to Lipinski, reassuring her, trying to give her confidence boost.

"It's hard, but you have to concentrate on yourself," Lipinski said. This was Sunday morning, hours after Eldredge had finished fourth. If she was overly upset, Lipinski kept it well hidden. After a few minutes, she left reporters, saying, "I've got to go sew," and then sat in the media room, doing needlepoint on a pillow as she awaited her second practice of the day.

"I don't think about that," Lipinski said of her medal chances. "Sometimes skaters go wrong in thinking. If I do this, I will win. There's so much pressure. If I skate two clean programs and win, great. I have a good chance if I skate two clean programs."

Perhaps Kwan has kept a lower profile here because she has more to lose than Lipinski. She is considered the best skater of her generation and is a heavy favorite to join Peggy Fleming, Dorothy Hamill and Kristi Yamaguchi as American Olympic champions over the past 30 years. Two years older, Kwan is more sophisticated than Lipinski in terms of skating, costumes, even choice of music.

OLYMPIC SCOREBOARD

MEDALS

COUNTRY STANDINGS	G	S	B	Tot.
Russia	6	3	1	11
Germany	6	6	6	18
United States	4	4	1	9
Canada	3	2	1	7
Netherlands	3	2	1	7
France	2	3	6	11
Austria	2	3	2	7
United States	2	1	4	7
Switzerland	2	1	4	7
France	2	2	2	6
Italy	1	0	0	1
Belgium	1	0	0	1
Czech Republic	1	0	0	1
Ukraine	0	1	0	1
Ukraine	0	1	0	1
Belgium	0	0	1	1
Kazakhstan	0	0	1	1

ALPINE SKIING

Men's Slalom	1. Hermann Maier, Austria, 1:19.02, 34.82 seconds.	2. Didier Cuche, Switzerland, 1:25.43.	3. Alexander Fiala, Italy, 1:25.61.	4. Patrick Joubert, Switzerland, 1:25.77.	5. Daron Rathwell, U.S., 1:25.86.	6. Paul Accola, Switzerland, 1:25.97.	7. Lasse Kjus, Norway, 1:26.25.	8. Fredrik Nyberg, Sweden, 1:26.31.	9. Bruno Zetterberg, Sweden, 1:26.37.	10. Brian Shattuck, Canada, 1:26.42.	11. Kalle Oksanen, Finland, 1:26.52.	12. Kalle Lander, Switzerland, 1:26.62.	13. Werner Franz, Austria, 1:26.64.	14. Kjetil André Aamodt, Norway, 1:26.70.	15. Jari Isometsa, Finland, 1:26.72.	16. Jari Isometsa, Finland, 1:26.72.	17. Jari Isometsa, Finland, 1:26.72.	18. Jari Isometsa, Finland, 1:26.72.	19. Jari Isometsa, Finland, 1:26.72.	20. Jari Isometsa, Finland, 1:26.72.
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WOMEN'S COMBINED

1. Katja Sedwiger, Germany, 1 minute, 28.82 seconds.	2. Pernille Wiberg, Sweden, 1:29.18.	3. Renate Gschwendtner, Austria, 1:29.27.	4. Martina Ertl, Germany, 1:29.74.	5. Brigitte Obermoser, Austria, 1:29.82.	6. Alexandra Klien, Austria, 1:29.82.	7. Gergő, Hungary, 1:29.82.	8. Dorina Schreider, Austria, 1:29.82.	9. Dorina Schreider, Austria, 1:29.82.	10. Dorina Schreider, Austria, 1:29.82.	11. Dorina Schreider, Austria, 1:29.82.	12. Dorina Schreider, Austria, 1:29.82.	13. Dorina Schreider, Austria, 1:29.82.	14. Dorina Schreider, Austria, 1:29.82.	15. Dorina Schreider, Austria, 1:29.82.	16. Dorina Schreider, Austria, 1:29.82.	17. Dorina Schreider, Austria, 1:29.82.	18. Dorina Schreider, Austria, 1:29.82.	19. Dorina Schreider, Austria, 1:29.82.	20. Dorina Schreider, Austria, 1:29.82.
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WOMEN'S DOWNHILL

1. Katja Sedwiger, Germany, 1 minute, 28.82 seconds.	2. Pernille Wiberg, Sweden, 1:29.18.	3. Renate Gschwendtner, Austria, 1:29.27.	4. Martina Ertl, Germany, 1:29.74.	5. Brigitte Obermoser, Austria, 1:29.82.	6. Alexandra Klien, Austria, 1:29.82.	7. Gergő, Hungary, 1:29.82.	8. Dorina Schreider, Austria, 1:29.82.	9. Dorina Schreider, Austria, 1:29.82.	10. Dorina Schreider, Austria, 1:29.82.	11. Dorina Schreider, Austria, 1:29.82.	12. Dorina Schreider, Austria, 1:29.82.	13. Dorina Schreider, Austria, 1:29.82.	14. Dorina Schreider, Austria, 1:29.82.	15. Dorina Schreider, Austria, 1:29.82.	16. Dorina Schreider, Austria, 1:29.82.	17. Dorina Schreider, Austria, 1:29.82.	18. Dorina Schreider, Austria, 1:29.82.	19. Dorina Schreider, Austria, 1:29.82.	20. Dorina Schreider, Austria, 1:29.82.
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OLYMPIC SCHEDULE

TUESDAY, FEB. 17	ALPINE SKIING, Hakuba—Women's Combined (Slalom), 9:30 a.m.	SKATING, Nagano—Men's 100m, 1 p.m.	ICE HOCKEY, Big Hat Arena—Women's Bronze medal, 2 p.m. Gold medal, 4 p.m.	SHORT TRACK SPEEDSKATING, Nagano—1000m, 7 p.m.	WOMEN'S 3000m relay, 7 p.m.	SKI JUMPING, Hakuba—K-120 Team, 9:30 a.m.	SPEEDSKATING, Nagano—1000m, 10:30 a.m.
WEDNESDAY, FEB. 18	ALPINE SKIING, Hakuba—Men's Slalom, 9:30 a.m.	CROSS COUNTRY SKIING, Hakuba—Men's 400m relay, 10:15 a.m.	FIGURE SKATING, Nagano—Short program, 7 p.m.	FREE STYLE SKIING, Nagano—Aerials final, 10:15 a.m.	ICE HOCKEY, Big Hat Arena—Men's Quarterfinal, 2:45 p.m. Quarterfinal, 6:45 p.m. Quarterfinal, 8:45 p.m.	Quarterfinal, 2:45 p.m. Quarterfinal, 6:45 p.m.	Quarterfinal, 8:45 p.m.

"I think if Michelle skates well, she will win," said Carol Heiss-Jenkins, the 1960 Olympic champion. "If Tara skates perfectly and Michelle makes mistakes, it will be interesting."

A gold medal could be worth \$10 million to \$15 million in career earnings, said Michael Rosenberg, an agent who has represented numerous skaters from Hamill to Tonya Harding. If Kwan, a Chinese-American, wins, she should not suffer a shortage of commercial endorsements as Yamaguchi, a Japanese-American, did shortly after winning in 1992, Rosenberg said.

"There was a lot of Japan bashing going on at the time," Rosenberg said. "Kristi did well a couple years later. Michelle cuts across all barriers of race, ethnicity and age. She has the whole package, just like Dorothy Hamill did."

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